Austria	Sch30	Indonesia	Rp3900	Pakistan	[illegible]
Bahrain	Din1.000	Iran	Rls210	Philippines	Pso45
Belgium	BFr60	Israel	Shk5.50	Poland	Zl [illegible]
Cyprus	CC1.00	Italy	L2300	Portugal	[illegible]
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr14	Korea	Won 2500	S.Arabia	[illegible]
Egypt	E£4.50	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM10	Lebanon	L£1,250	Spain	Pta200
France	FFr8.50	Lux	LFr60	Sweden	SKr14
Germany	DM2.20	Morocco	MDh11	Switz	SFr3.00
Greece	Dr250	Neth	Fl 3.50	Thailand	Bht50
Hungary	Ft182	Nigeria	Naira20	Tunisia	Din1.000
Iceland	IKr70	Norway	NKr15.00	Turkey	L6000
India	Rs20	Oman	OR1.20	UAE	Dh8.00

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D 8523A

OLYMPICS

Why sportsmen will be weather-wise

Page 7

World News

Bank 'had to wait for BCCI evidence before acting'

Bank of England director Brian Quinn told a British House of Commons committee that the Bank had been unable to intervene in the affairs of Bank of Commerce and Credit International because it was not certain about the extent of fraud there before Price Waterhouse, the BCCI's auditors, reported.

He said that between 1983 and 1991, the Bank of England had worked to get an international supervisory structure in place. "As soon as we got evidence of fraud, we acted." Page 12; Price Waterhouse details BCCI role, Page 6

No confidence vote

The French parliament will vote on a no-confidence motion by the conservative opposition against the Socialist government's handling of Palestinian hardliner George Habash's hospital visit to France. Page 2

Yeltsin in Paris

Russian president Boris Yeltsin arrived in Paris for his first state visit to France since the Soviet Union's collapse. Page 2

Jury escapes fire

Fire broke out at the Indianapolis hotel where the jury for the Mike Tyson rape trial was staying, killing two firemen and a guest. The jury was taken to another hotel.

Five die in Algeria

At least five people were reported killed and 63 wounded in Batna, 270 miles south east of Algiers, in clashes between security forces and Moslem fundamentalists. Page 4

Supergun disclosure

Britain's Ministry of Defence was told of the Iraqi supergun project in September 1989 – months before parliament heard of it, MPs were told. Page 6

Politician admits affair

Britain's Liberal Democrat leader, Paddy Ashdown, 50, admitted having had a five-month affair with his secretary in 1986. He called it "a brief relationship . . . well before I became leader of my party."

Cholera in Argentina

A cholera epidemic that has killed thousands of people in Latin America over the past year has reached Argentina, where it has killed six.

UN call for ceasefire

Ethiopia and Nigeria backed a United Nations call for a ceasefire and an arms embargo aimed at ending clan-based fighting in Somalia in which at least 20,000 people have been killed or wounded since November.

Greenpeace withdraws

The Greenpeace environmental organisation will finish dismantling its Antarctic base this week in recognition of a 50-year moratorium on commercial mining in the continent, signed by 39 nations.

Mother Teresa at Vatican

Pope John Paul met Mother Teresa, 81, who is recovering from heart surgery, in the Vatican. She won the 1979 Nobel peace prize for her work with the poor.

Carrington in Belgrade

Lord Carrington, chairman of the European Community peace conference on Yugoslavia, arrived in Belgrade to try to settle differences over the UN peace initiative and revive the EC's role as mediator. Page 2

Painting disappears

A watercolour by French impressionist Paul Cézanne is missing from a store in Rome's modern art gallery and may have been stolen. Giulio Carlo Argan, former mayor of Rome, said the authorities were incapable of safeguarding the national heritage.

Business Summary

Rescue plan for La Cinq clears its first hurdle

Mr Silvio Berlusconi, the Italian media mogul, cleared the first hurdle in his campaign to take charge of La Cinq, the bankrupt French television channel, when his FFr1.5bn ($270m) rescue plan was referred by La Cinq's judicial administrator to the Paris commercial court.

The Berlusconi package involves injecting FFr1.5bn of new capital into the station, which filed for bankruptcy earlier this year, in two tranches of FFr700m and FFr800m. Page 13

PHILIPS, Dutch electronics group, is paying $175m for 25 per cent of Whittle Communications, US media company. Page 13

KANSALLIS-Osake-Pankki, Finland's largest commercial bank, blamed bad loan provisions for its loss in 1991 of FM1.64bn ($377m). Page 13

BRITAIN'S monopolies watchdog, the MMC, said its in-depth analysis of car prices across Europe had not revealed significant differences in prices in Germany, France and the UK. Page 6; Editorial comment, Page 10; Lex, Page 12

SIR Leon Brittan, EC's competition commissioner, plans to reopen case against the UK government over "sweeteners" paid to British Aerospace when it bought Rover, UK car manufacturer, in 1988. Page 12

IMPERIAL Chemical Industries sold Britain's only salt mine, at Winsford in Cheshire, to an investor group led by US-based D. George Harris & Associates. Page 13

BALTIC states will reach trade and co-operation agreements with the EC this month, a first step to formal association with the Community.

LONRHO, international trading group, is under pressure from its shareholders to appoint non-executive directors to its board. Page 14

ICL, UK-based computer group which is majority owned by Fujitsu of Japan, is to sell its high performance Unix-based mid-range computers in the Japanese market through a subsidiary of C. Itoh, the Japanese trading house. Page 3

KRUPP Koppers, part of the German industrial conglomerate, has won the main work on a DM450m ($283m) project at Bandar Imam Khomeini, the big Iranian petrochemical complex which was damaged in the Iran-Iraq war. Page 3

AFRICAN National Congress repeated a threat to renege on foreign loans to the current white government, despite a personal assurance from Mr Nelson Mandela, ANC president, that all such loans would be honoured if the ANC came to power. Page 4

ALPHAMERIC directors presented a financial package aimed at helping the loss-making electronic data processing equipment group continue trading. Page 19

OLIVETTI, troubled Italian computers and office equipment group, warned of losses of L380bn ($317m) in 1991, almost double previous estimates. Page 14

GULF Canada Resources, controlled by property group Olympia & York Developments, is pulling out of a C$5.2bn ($4.48bn) project to develop the Hibernia oil and gas field off the Newfoundland coast. Page 15

CSR, Australian building and sugar company, surprised markets by announcing a A$558m ($420m) asset writedown. Page 15

BANGKOK Land, Thai property developer, was valued at more than $3.6bn when its shares were listed on the Stock Exchange of Thailand, giving it the largest capitalisation on the market. Page 17

Ulster killings prompt new call for internment

By Our Belfast Correspondent and Ralph Atkins

PRESSURE on British government ministers to restore confidence in their handling of Northern Ireland intensified last night after the killing of five Catholics in a Belfast betting office yesterday.

The attack was described as "murder madness" by Sir Hugh Annesley, chief constable of the Royal Ulster Constabulary.

Loyalist paramilitaries burst into the bookmaker's shop in Ormeau Road in south Belfast and fired indiscriminately. Almost every person in the crowded shop was hit. Five men were killed and at least 12 others taken to hospital.

Last night the outlawed Ulster Freedom Fighters, the illegal military wing of the Ulster Defence Association, claimed responsibility for the killings.

The killings brought to 26 the number of deaths so far this year through terrorist violence in Northern Ireland. All have been civilians.

The wave of sectarian killings has intensified pressure on the government to increase still further the efforts of UK security forces in the province. Sir Hugh yesterday insisted the situation was under control, saying security forces were stopping 85 per cent of terrorist attacks before they happened.

The government's suspension last month of its efforts to start talks on the province's future has added to the atmosphere of gloom and drift.

Unionists are demanding internment without trial of both loyalist and republican terrorist suspects – a measure not ruled out definitively by Mr Peter Brooke, Northern Ireland secretary, but which would bring bitter criticism from the Irish government. Mr Brooke will make a statement to the Commons today.

Yesterday's killings came 24 hours after a 24-year-old policeman shot dead three men at the advice centre of Sinn Fein, the IRA's political wing, in Belfast. He later committed suicide.

Three weeks ago, eight Protestant civilians working for the security forces were killed in an IRA attack at Teebane Cross, county Tyrone.

Earlier yesterday, an off-duty Ulster Defence Regiment soldier shot dead a gunman who attacked him near Northern Ireland's border with the Irish republic. The part-time soldier was wounded in the incident.

Archbishop Robin Eames, head of the Church of Ireland, said the province was now witnessing "unbridled madness". He added: "If the killing does not stop everyone will be sucked into the morass of violence."

But at Westminster, the demands of nationalist and Unionist MPs for a government statement were tempered by a realisation that there was little prospect of the government offering more than a renewed determination to defeat terrorism and sympathy for the victims.

German employers warn over job losses

By Christopher Parkes in Bonn and Leslie Colitt in Berlin

GERMAN employers' attempts to damp pay demands were reinforced yesterday by official figures which showed a sharp increase in job losses in the west and a flood of new registrations in east German unemployment offices.

The engineering industry, meanwhile, said 20,000 workers had been put out of work last year because of high labour costs. It also pressed home calls for pay restraint this year with a warning that 50,000-60,000 further jobs would go as companies attempted to cut costs and transfer work to low-cost labour markets outside Germany.

Ministers appealed for more investment in eastern industry to create permanent employment and save jobs threatened by a lack of buyers for former-state-owned businesses.

Slowing economic growth caused unemployment in the west to rise steeply from 5.8 per cent in December to 6.3 per cent last month. The end of special short-time working subsidies in the east sharply pushed up the proportion in the former DDR from 11.8 per cent to 16.5 per cent.

There are now more than 3.2m registered unemployed in the country: 1.88m in the west, and 1.34m in the east. Mr Heinrich Franke, president of the federal labour office in Nuremberg, said: "The days of the employment boom are behind us."

Mr Dieter Kirchner, director of Gesamtmetall, which represents most of the country's engineering, metal-working and electronics companies, described this year's 9.5 per cent pay claim from the IG Metall union as "exaggerated". A poll of members showed 90 per cent had been unable to cover increased labour costs – resulting from last year's 6.7 per cent award – by routine rationalisation measures, he said.

As a result, 20,000 jobs had been cut between May and November. For this year's negotiations, he added: "It is a question of how ready our members are to resist wage demands which I can only describe as destructive for prices and employment."

Anxiety has grown among employers since last weekend's pay award of 6.35 per cent in the steel industry, which followed a 6 per cent increase in 1991. Union officials have seized on this as a "guideline" for the rest of this year's settlements. Mr Kirchner claimed that even a 5.7 per cent rise for engineers was "unreasonable". Productivity, expected to rise 2.5 per cent in engineering this year, should be the guide, he added.

Industry, government, economists and the central Bundesbank have all warned in recent weeks that excessive pay rises will lead to accelerated job cuts in the west and hamper recovery in the east.

At present one in six of the east German labour force is

Continued on Page 12

Railways merger, Page 2

Boris Yeltsin and François Mitterrand meet at the Elysée palace at the start of the Russian president's two-day state visit which is expected to conclude with a friendship treaty

Mitterrand faces censure vote, Page 12

Bonn presses Euro force plan

By Quentin Peel in Bonn

GERMANY has invited all member states of the Western European Union (WEU) "seriously interested" in setting up an integrated European defence corps to attend a seminar in Bonn on February 19 and 20.

The meeting will flesh out the Franco-German plan for such a force. It will also explore the possibilities ofreconciling the idea with the alternative Anglo-Italian plan for a European rapid reaction force to operate outside the Nato area.

The intention is to bring together military planners to give practical substance to the Franco-German political initiative launched by Chancellor Helmut Kohl and President François Mitterrand last year. They proposed building a European corps on the basis of the existing Franco-German brigade, based in Baden-Württemberg, as the military arm of a future common European defence policy.

It is clear that Bonn and Paris are determined to press ahead with their plan, in spite of a mixed response.

Spain and Belgium have expressed a serious interest, while Britain and the Netherlands, in particular, were very sceptical, and the US was non-committal.

Invitations to the seminar were given last week by General Klaus Naumann, inspector-general of the German Bundeswehr, or armed forces, at a meeting in Bonn of the chiefs of the defence staffs of the nine WEU nations. (Apart from Germany, the WEU comprises the UK, France, Italy, the Netherlands, Belgium, Luxembourg, Spain and Portugal.) defence chiefs came together for the first time since the European Community summit in Maastricht to think through the military implications of the

Continued on Page 12

Intel and Sharp announce semiconductor partnership

By Steven Butler in Tokyo

INTEL, the US semiconductor maker, and Sharp, the Japanese electronics company, yesterday announced a partnership to develop flash memory devices, one of the fastest-growing products in the electronics industry.

The agreement is likely to provoke controversy in the US since Intel has chosen a Japanese rather than an American partner in an area where Intel has a clear technological lead and currently supplies 85 per cent of the world market.

US companies have been heavily criticised for selling leading technology cheaply to Japanese companies which later come back to dominate the field.

A flash memory device is a tiny semiconductor chip which can be erased and reprogrammed and retains stored electronic information even when power is switched off.

It is expected to replace most disc drives in portable computers because it is smaller and lighter and uses less power. It could be used in consumer products ranging from tapeless recording devices the size of a pen to electronic still cameras the size of a credit card.

The world market for flash memory devices is now about $130m a year. However, the value of the market has quadrupled in each of the last four years, while prices have halved annually. Dataquest, the US market research company, projects business will reach $1.5bn a year by 1995.

Intel said it needed a strong partner in order to maintain leadership in a rapidly growing, competitive market in which all the leading semiconductor makers are investing heavily.

Robert Reed, Intel senior vice president, said Sharp brought to the partnership a research and development capability, the ability to push forward rapidly with manufacturing, and a strong presence in consumer electronics.

The two companies will collaborate on developing the next generation of more powerful flash memories, in which lines as small as 0.4 and 0.6 microns are etched into silicon wafers. A micron is about one hundredth the width of a human hair. Production is to begin at a Sharp facility in Fukuyama in 1994.

Fresh cracks in US-Japan chip pact, Page 3
Importance of a shared memory, Page 15

CONTENTS

Anger in Silicon Valley over the issue of market share

The US trade representative, Mrs Carla Hills, disappointed US semiconductor manufacturers last week by softening her support for a key element of the US-Japan semiconductor trade agreement.

Page 3

MARKETS

STERLING
New York lunchtime:
$1.811
London:
$1.8075 (1.8005)
DM2.87 (2.8875)
FFr9.7825 (9.7725)
SFr2.56 (2.5575)
Y227.5 (227.0)
£ index 91.1 (90.9)

GOLD
New York Comex Feb
$357.3 (357.9)
London:
$353.85 (356.3)

N SEA OIL (Argus)
Brent 15-day Mar
$ (18.25)

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime:
DM1.5855
FFr5.4025
SFr1.4145
Y125.6
London:
DM1.588 (1.592)
FFr5.4125 (5.4275)
SFr1.4155 (1.421)
Y125.6 (126.1)
$ index 62.4 (62.7)
Tokyo close: Y126.11

US lunchtime rates
Fed Funds: $3\frac{7}{8}$%
3-mo Treasury Bills: 3.922%
Long Bond: $102\frac{7}{8}$
yield: 7.744%

STOCK INDICES
FT-SE 100: Yield 4.82
2,547.1 (−9.7)
FT-A All-Share:
1,218.83 (−0.3%)
FT-SE Eurotrack 100:
1,138.71 (+5.92)
New York lunchtime:
DJ Ind. Av.
3,279.29 (+6.48)
S&P Comp
416.14 (+2.29)
Tokyo: Nikkei
21,936.37 (−63.23)

LONDON MONEY
3-month interbank:
$10\frac{19}{32}$% ($10\frac{11}{16}$%)
Liffe long gilt future:
Mar $97\frac{22}{32}$ (Mar $97\frac{22}{32}$)

Germany presses ahead with merger of railways

By **Christopher Parkes** in Bonn

THE German government is to go ahead with reforms to transform its debt-laden, loss-making railways into competitive, commercial businesses, Mr Günther Krause, the transport minister, said yesterday.

He was commissioned by the Bonn cabinet yesterday to produce a grand plan by midsummer for merging the west German Bundesbahn and the eastern Reichsbahn, and running them together as an *Aktiengesellschaft* (public limited company), to be called Deutsche Eisenbahn AG.

The government, meanwhile, gave itself until the middle of next year to push through constitutional changes necessary before it can give up direct state administration of the networks.

By freeing the rail system from direct state control, Mr Krause claimed, the expected burden on taxpayers of DM417bn ($262.2bn) by the end of the decade could be reduced to DM257bn.

His outline proposals match those published in December by a special commission, which had been asked to find ways to reduce state subsidies.

At present the Reichsbahn is losing about DM10bn a year and the Bundesbahn, with twice as much track, about DM7bn on turnover of DM20bn. Each has its own management, although Mr Heinz Durr, a supporter of a more business-like approach, is in overall charge.

Mr Krause yesterday gave some hints that he might consider some of Mr Durr's more adventurous proposals, such as selling off land and privatising bus lines currently owned by the Bundesbahn. He suggested, for example, possible "other uses" for railway property.

The Bundesbahn, DM45bn in debt, owns or holds stakes in a wide range of businesses, including travel agencies, house-building concerns and financial services.

Russian budget comes under further strain

THE struggle to keep the Russian budget deficit within reasonable limits was further weakened yesterday. Ministers admitted that state spending would have to rise while some taxes would be cut to protect living standards, writes John Lloyd in Moscow.

At the same time huge sums are being lost through the non-collection of taxes.

The battle for budget containment, if lost, will have a serious effect on Russia's attempt to obtain $5-$6bn from the west to stabilise the rouble. The two main contributors to such a fund – the US and Japan – point to continuing financial indiscipline in Russia as a reason for waiting to give support until Russia is granted IMF membership – probably in May or June.

The Russian authorities are now showing signs of strain, even of panic, in face of relentless price rises. There are also, as yet, few signs of increased production and supply – though ministers insist shops are becoming better stocked.

Mr Genady Burbulis, the first deputy prime minister of Russia, last night told a group of Russian deputies that a new party must be formed to support President Boris Yeltsin and sustain the reform process.

His speech appears to open a campaign to rally organised support for the Russian president at a time when opposition to reform is mounting and open hostility to his government growing. Marches and demonstrations are planned in Moscow this weekend.

Mr Burbulis's call, made to the party led by Mr Alexander Rutskoi, the vice-president, who has been critical of Mr Yeltsin, appears designed to rally the centrist forces in the Russian parliament around the president at a time when the new political parties are in disarray and the banned Communist party is seeking a comeback under a variety of guises.

The Nezavisimaya Gazeta newspaper concluded yesterday that "the president [Mr Yeltsin] is frightened by the decrease in his own popularity and is taking steps to head off the reform. Next step will be to head off the government".

In a harshly realistic survey of the reforms so far, Mr Alexander Shokhin, the deputy prime minister in charge of social affairs, yesterday said it would be "very hard to resolve the dilemma" posed for the budget by a mass of cuts in its revenue and demands for further payments.

These include an estimated cut in revenues of Rbs25bn-Rbs30bn ($225m-$275m) resulting from a decrease in the value added tax from 25 to 15 per cent on a range of foodstuffs, and the abolition of VAT on most canteen meals.

There will also be increased spending of at least Rbs15bn for pensions, students stipends and other state wages to cover price rises. Mr Shokhin said that prices had risen by 3.5 times in January, compared with government forecasts of 2.5 times. In addition the tax take for January was Rbs18bn – well below expenditure.

The wage needed to sustain a basic standard of living had risen to Rbs550 a month, but the present minimum pension is Rbs342.

THE military adviser to Russian President Boris Yeltsin has called for the formation of a Russian army to defend the country's national interests, writes John Lloyd.

The call comes as the Ministry of Defence, theoretically serving forces united under the banner of the Commonwealth of Independent States, drafts a document on control of the military ahead of the next CIS meeting in Minsk on February 14. Few give it much chance of success.

Mr Yeltsin has so far formally remained committed to a united CIS army – but he has claimed control over all forces in the Baltics, of the Black Sea fleet and has decreed that the Russian flag be flown on all former Soviet naval ships.

Mr Yeltsin's adviser, General Konstantin Kobets, said yesterday in an article that "an uncontrollable process was now beginning" in the armed forces and that clear decisions had to be taken. "We must state that Russia has its own interests and will defend them with force," Gen Kobets warned.

Brussels acts against Dutch over construction cartel

By **Andrew Hill** in Brussels

THE European Commission has begun legal proceedings against the Dutch government, which the EC believes condoned an illegal cartel operated by the country's industry federation involving up to 7,000 builders.

According to the Commission, the cartel has dominated the Dutch construction industry for the last 12 years, and accounts for about 40 per cent of the sector's turnover. Brussels yesterday imposed fines of Ecu22.5m (£16.04m) on the 28 construction associations which are members of the federation, the SPO.

The Commission has been investigating the cartel, which operated quite openly, for more than three years and had to examine tens of thousands of invoices to uncover the exact structure of the organisation. The SPO had offered to amend its methods – which involved deciding in advance the terms and candidates for contract tenders – but could not go far enough to satisfy Brussels.

"It's over now," said one Commission official yesterday. "It will have to go, as of tonight."

The Commission said it had imposed only a token fine on the members of the SPO partly because of the federation's "relatively co-operative attitude". The Commission has also attempted to play down the involvement of the Netherlands government, which could be taken to the European Court of Justice if it fails to satisfy Brussels about its role in the cartel.

Apart from 4,000 builders linked directly to the SPO, some 3,000 others were involved in the cartel on a case-by-case basis. According to the Commission, 150 of those were established in other member states.

● All three Baltic states will reach trade and co-operation agreements with the EC this month, as a first step to formal association with the Community. Terms will be similar to those negotiated with central European states, writes David Buchan in Brussels.

Following the initialling of trade and co-operation accords with Lithuania and Latvia on February 1 and 4, the Commission said yesterday a similar arrangement would be reached with Estonia on February 24.

The economic section of the agreements, which remove discriminatory quotas and tariffs and set up joint co-operation bodies, confers little more benefit on the Baltic states than they had enjoyed under the defunct EC-Soviet agreement.

But the EC has committed itself to drawing the new states into its foreign policy consultations and the Baltics have pledged observance of individual and minority rights.

Paris to press Yeltsin on N-weapons

By **Ian Davidson** in Paris

FRANCE and Russia plan to sign a friendship treaty to conclude a two-day state visit by Mr Boris Yeltsin, the Russian president.

The two governments are also expected to sign a number of co-operation deals, including an agreement to increase security surrounding the former Soviet nuclear arsenal. The French government has publicly expressed anxiety over the arsenal.

Mr Roland Dumas, the French foreign minister, recently visited the four former Soviet republics with nuclear weapons – Russia, Belarus, Ukraine and Kazakhstan – and said on his return he was "not totally reassured".

Following last Friday's meeting of heads of state at the United Nations Security Council, the French government claims to have secured US agreement for a special meeting of nuclear powers, to discuss the security of such weapons in the former Soviet Union.

The meeting would be attended by the US, UK, France and representatives from the former Soviet Union.

Paris has not made clear when such a meeting would be held, or whether the former Soviet Union would be represented by Russia or by the four republics with nuclear weapons on their territory.

France is according Mr Yeltsin high ceremonial honours, including a state dinner at the Trianon Palace at Versailles. This is partly to make up for the cool reception Mr Yeltsin received when he last visited France, in April last year.

During that visit Mr Yeltsin was barely admitted to a meeting in the Elysée Palace, because the French government was anxious to make no gesture which could undermine the unity of the then Soviet Union or the status of Mr Mikhail Gorbachev, then Soviet president.

Doing the sights: Hungary's premier Jozsef Antall, right, shows off the parliament building in Budapest yesterday to President De Klerk of South Africa

Hungary set to take off this year

EXPORT GROWTH of 8-10 per cent will lift the Hungarian economy out of recession in 1992, according to official forecasts announced yesterday, Nicholas Denton reports from Budapest.

"A marked increase in total exports is why we think this is the year of turn-around," Mr Bela Kadar, minister of international economic relations, said yesterday. "This will result in economic take-off, hopefully by Christmas."

Driving the improvement is a continuing boom in exports to the west. Hungary's association agreement with the EC is expected to cushion the knock-on effect from any German growth recession.

Hungary expects the direct effect of easier access to EC markets alone to push up exports by $100m (£55.2m) to $200m a year.

Increasing signs are that last year's collapse of the Soviet market has run its course. "The real basis for optimism is that this year we cannot lose more than last," said Mr Kadar, predicting a slight increase in exports to the east in 1992 from a low base.

Hungary's deliveries to the developed world grew 31 per cent in 1991 over the previous year, pushing total hard currency earnings up to $10.2bn but this was negated by a fall of over 50 per cent in exports to the former Soviet Union.

One factor behind the increase in Hungary's western market share has been a record inflow of foreign companies, improving the marketability of Hungarian goods.

Foreign direct investment was $1.4bn (4 per cent of GDP) in 1992, raising the total to $2.8bn. That represented over half the $5bn total committed by western investors to eastern Europe.

Drive to restrain Crimean separatists

By **Chrystia Freeland** in Simferopol, Crimea

A GROUP of senior Ukrainian politicians yesterday visited the contentious Crimean peninsula, in an effort to restrain separatism and ease Ukrainian-Russian strains over the region.

Crimea, transferred to Ukraine from Russia in 1954, has long been a sore point between the two republics, with each advancing claims to the Black Sea region. On Monday, Crimeans put forward a third option, complete independence, when the Republican Movement of Crimea initiated a petition to call for a referendum.

The Ukrainian team, led by the deputy chairman of the parliament, Mr Volodymyr Hryniov, negotiated a conciliatory communiqué with Crimean leaders, proposing a meeting between Ukraine and Russia, with Crimean participation, as soon as possible.

Disturbed by growing discontent in Crimea, facing fuel shortages and transport problems, the Ukrainians offered Crimea generous conditions if it agreed to remain part of the republic. The communiqué calls for Ukraine and Crimea to negotiate a division of political powers within the next month. Senior Ukrainian officials say they will be willing to offer Crimea everything apart from military, monetary and foreign policy.

In a clause surely attractive to the Communist old guard which still controls Crimea, the Ukrainians conceded that all property on the Crimean peninsula should come under control of the Crimean government. "Stable relations between Ukraine and Russia have no price," Mr Hryniov told Crimean deputies. "Even the Black Sea fleet would not be too high a price to pay." In addition to its importance for Ukrainian-Russian relations, "Crimea is a litmus test for development of democracy in Ukraine."

But standing in the shadow of the Lenin statue which still dominates Simferopol's central square, angry Crimeans were more concerned about daily living than democracy. Most, who narrowly supported Ukrainian independence in the December 1 referendum, were confident Ukraine had better economic prospects than Russia. But Ukraine's ineffectual economic reform has disenchanted many. The Republican Movement of Crimea hopes to collect signatures from 180,000 disappointed Crimeans. If the group succeeds by April 3, the autonomous republic will hold a referendum to determine if it should become fully independent.

Olivetti's chief warns on diversity

THE EC should follow Japan's example and draw up a co-ordinated strategy to make its industry internationally competitive, a leading European industrialist said yesterday, Reuter reports from Davos, Switzerland.

Mr Carlo De Benedetti, chairman and chief executive of Olivetti, the Italian computer company, said the EC had to choose in which sectors it wanted to be leader or play a global role.

"I think that due to the fact that in future years financial resources will be scarce, you have to make a strategic choice on where you want to allocate the resources," he told a news conference during the annual World Economic Forum.

Mr De Benedetti said Japan's economic growth since the Secoond World War offered the best example of an industrial strategy, as the Japanese had deliberately started with steel output, then moved into shipbuilding, cars and electronics.

Earlier, he told business and political leaders attending the conference that the move by the EC towards monetary union and political integration was not enough.

He said Europe's industrial base was slowly deteriorating and each EC government had its own approach to tackling the problem – ranging from the interventionism of the French to the "laissez-faire" polices of the Germans and British. "This diversity is a sign of a weak Europe."

He called for big infrastructural projects on a pan-European basis, programmes for joint research and innovation and incentives for alliances among European companies.

E German industry 'will differ from that of west'

By **Leslie Colitt** in Berlin

EAST Germany's former planned economy is being transformed into a market economy with a noticeably different structure to that of west Germany, according to a report by Berliner Bank.

Industry in the east, once dominated by investment goods production, will be more weighted toward consumer goods, a sector already expanding at an annual rate of nearly 50 per cent.

East German industrial output, which fell 28 per cent in the first eight months of 1991, would suffer a permanent loss in its share of regional GNP, the bank forecast. The sectors showing strongest growth in east German industry would differ from those in the west:

● Construction. Building activity revival has been delayed, but the report predicted that DM17bn ($10.6bn) in public infrastructure projects this year would help boost construction output by 30 per cent and serve as a catalyst for economic recovery.

● Food processing. Production fell in December 1990 to 60 per cent of the previous year's level, but output is set to expand sharply, following investment by west German food processors and a shift to local products by eastern consumers.

● Printing. Output fell 20.5 per cent by December 1990 but rose 14 per cent by August 1991 over the previous year's third quarter.

● Steel and light construction. In January 1991, this sector produced only 68 per cent of output compared with July 1990. Output has since recovered dramatically, soaring 50 per cent to August 1991.

Air France under attack for 'favouring' Boeing

AIR FRANCE, the state-owned airline, yesterday came under attack for allegedly favouring Boeing, the US aircraft maker, over Airbus, the European aircraft consortium, William Dawkins reports from Paris.

Mr Dominique Baudis, mayor of Toulouse, where Airbus's main assembly plant is based, warned Mrs Edith Cresson, French premier, that a decision by Air France to buy three Boeing 767-300 medium-sized carriers would have "regrettable consequences".

The amount at stake is less than the £4bn ($7.24bn) order British Airways placed with Boeing last year, which triggered an Airbus complaint to the European Commission. But it is a further example of the political sensitivities behind aircraft purchasing.

Air France was puzzled by Mr Baudis' objections as the group has been buying Boeings, alongside Airbuses, for years. The latest order simply replaces a cancelled order for two Boeing 747-400s.

● French industrial output in the third quarter of 1991 rose 0.9 per cent over the previous three months, Insée, the state statistics body, said, Alice Rawsthorn writes from Paris.

Carrington seeks to speed Yugoslav peace

By **Laura Silber** in Belgrade

LORD Carrington, chairman of the European Community peace conference on Yugoslavia, arrived in Belgrade yesterday on a mission aimed at hammering out differences over the UN peace initiative and reviving the EC's role as mediator.

At the same time, about 4,000 people turned out in Belgrade in support of Mr Milan Babic, leader of the self-proclaimed Serbian republic of Krajina in southern Croatia.

Mr Babic is seen by Serb leaders as the main obstacle to deployment of 10,000 UN peacekeepers in Serb-populated regions of Croatia.

But at yesterday's low-key rally, as a Belgrade journalist reported, "most of the crowd were refugees from Croatia. Mr Babic has little support in war-weary Serbia."

A western diplomat based in Belgrade said Lord Carrington would see if he "can knock some heads together" in an effort to iron out differences between Mr Babic and the republic of Serbia, led by President Slobodan Milosevic.

During his two-day mission Lord Carrington, a former British foreign secretary, will assess whether the EC conference can be reconvened.

Serbia has called on the UN to take over as political mediator, accusing the EC of taking sides in the conflict.

After talks with Serb leaders yesterday, Lord Carrington was due to travel to Sarajevo, capital of Bosnia-Hercegovina. Many fear an eruption of violence between Slavic Moslems, Serbs and Croats in the run-up to a referendum on independence for the central republic on February 29.

Lord Carrington will later meet Croat leaders in Zagreb. Croatia has come under criticism for stalling the UN plan. It says the peacekeepers' mandate should be limited to one year.

Recent statements from the Croat leadership have heightened fears in Krajina that Croatia intends to reimpose authority over the region, which is currently under Serb and federal army control.

Breakaway Macedonia strives to keep economy afloat

No one, writes Kerin Hope, has yet been able to work out the cost of independence

SUNDAY is a working day for the Albanian currency dealers, slight dark men in overcoats who trade in D-marks and dollars in the cobbled bazaar of the Macedonian capital, Skopje. "The difference at weekends is that you make your own market because you can't phone Vienna for the latest prices," says one.

Unofficial foreign exchange dealing is illegal but tolerated of necessity in Macedonia since it declared independence in January, becoming the third Yugoslav republic to break away from the collapsing federation.

Remittances from an estimated 100,000 Macedonian migrant workers in Germany and Switzerland, many of them from the Albanian minority which makes up a third of the 2.3m population, underpin an economy struggling desperately to stay afloat. The monthly inflation rate is approaching 200 per cent, while unemployment is more than 20 per cent. Figures on foreign exchange inflows are hard to come by: the federal banking system is in disarray and cash-carrying emigrés take an aircraft home every few months. However, economists estimate that $800m arrived last year, equivalent to about a quarter of Macedonia's gross domestic product (GDP).

No one has yet worked out the economic cost of becoming independent, but further economic deterioration is expected this year, with annual inflation likely to reach at least 2,000 per cent and living standards experiencing a marked decline.

Even before the onset of civil war, landlocked Macedonia was the poorest of the six Yugoslav republics, contributing only 6-7 per cent of overall gross national product (GNP). The other republics were the main customers for its agricultural produce, while its chemical and metallurgical industries were dependent for raw materials on the former Soviet Union or the Yugoslavian republics of Slovenia and Croatia. Industrial production fell last year by 18 per cent.

On the other hand, exports were up by 7 per cent in 1991, totalling $1.1bn. Initial fears that European Community sanctions against Yugoslavia would ruin the textile industry, which imports fabric from Germany to be made up for export, proved unfounded. A small but flourishing trade in early tomatoes and cucumbers to EC countries also survived almost unscathed.

Macedonia has been fending for itself since federal subsidies were cut off three years ago. The Skopje government has not approved any payments to Yugoslavia's federal government for almost two years. Working out the trade balance with each republic is now one of the Economy Ministry's main concerns. "We're trying to get precise figures, which is difficult because middleman companies are involved. But the balance is in our favour," says Mr Petrus Stefanov, the deputy minister. Overall debt is estimated at about $80m.

Economic missions from Skopje are making the rounds of the other republics. Macedonia is anxious to put ties with Slovenia, Croatia and Serbia on a new footing as soon as possible, for otherwise its chances of subsisting will be sharply reduced.

Economy Ministry officials say that, in spite of political tensions with Serbia, it is still possible to hold talks on future transport arrangements, assessment of the Serbian debt to Macedonia, estimated at about $25m, and methods of payment.

Plans to launch a Macedonian currency this year are well advanced, but, with foreign exchange reserves totalling under $30m and only a small amount of gold available, outside support will be needed.

One idea is to peg the new currency to the D-mark. As one banker put it: "The D-mark is already the unofficial currency. Everyone in Skopje uses it to calculate how much their salary can buy". The alternative would be to seek a loan abroad, "perhaps of about $1bn" to support the currency until the economy stabilises and foreign exchange remittances are deposited in the banks.

However, little aid can be expected until Macedonia succeeds in obtaining international recognition.

The government is waging a diplomatic campaign but so far has been recognised only by Bulgaria.

Macedonia faces more obstacles than Slovenia and Croatia in winning EC recognition, despite the conclusions of the Badinter Report, prepared for the European Commission by a group of legal experts, that it meets Community requirements for sovereignty.

While Italy is ready to push strongly for EC recognition, Greece objects, claiming that Macedonia's choice of name implies a territorial claim on northern Greece and should be changed. This position harks back to Macedonia's former Communist days. Skopje had kept up a propaganda campaign aimed at the Slav-speakers in northern Greece and calling for the uniting of Macedonia with the Greek province of the same name and the wealthy port of Salonica.

Although Macedonia's new constitution was recently amended to underline that it has no territorial ambitions, Greek hostility persists. This worries the government, because a large percentage of Macedonian imports, including its oil supply, passes through Salonica.

Plans are under discussion for building an oil terminal at Durres in Albania. Already, trucks from Skopje board ferries there for Italy, avoiding the hazardous route through Croatia.

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WORLD TRADE NEWS

Companies face finance hurdle in Russian ventures

By David Dodwell, World Trade Editor

WESTERN companies seeking joint ventures in Russia and other republics are unlikely to receive benefits from the aid pledged to the former Soviet Union by their governments last week.

The message from the UK's Export Credits Guarantee Department is that guarantees will not be provided until the IMF agrees a programme with Russia, or until banks are in place with the authority to provide sovereign guarantees. Other western export credit agencies are expected to take a similar view.

For executives at the UK engineering group, John Brown, keen to press ahead with their $1bn (£500m) polyethylene-producing joint venture in Russia, the message is frustrating: "We are ready to make major progress, and are seeking all sorts of possible ways of going ahead with what is certainly one of the most bankable projects around," says Mr Tony Bruce, director of marketing.

The venture would be John Brown's second large project in Russia, and would make 300,000 tonnes a year of polyethylene for export, using natural gas that is currently being flared off.

Its partner, Gasprom, already has foreign exchange earnings from long-term contracts selling gas for export. John Brown's first joint venture, signed in April 1988, has run smoothly and is near completion. It will boost output from an existing polyethylene plant from 100,000 to 300,000 tonnes a year, again for the export market.

Although Mr John Major, Britain's prime minister, last week offered to provide £280m in new export credits to Russia and other republics, until an institution is in place prospective projects will either be stalled, or will go ahead without export credit protection.

Prospects for projects in other republics – like Chevron's plans to develop Kazakhstan's Tengiz oil field – are even more deeply in the mire.

"There is no ready and immediate solution," says Mr Bruce: "It requires our project finance team, and Morgan Grenfell our financial advisers, to be even more creative and imaginative than would normally be required."

John Brown is better placed than many to "multi-source" financing: Linde in Germany is doing work for the project, and is being pressed to seek credit cover from Hermes; John Brown, apart from approaching Britain's ECGD, can source work in the US, enabling it to approach the US Exim Bank for cover. Gasprom is being approached to provide foreign exchange, at least to cover interest costs arising during the three to four years it will take to complete the project.

But the single most helpful development would be the emergence of a credible guarantor institution to replace the Soviet Union's former export credit bank, Vnesheconombank. There was talk of a breakthrough early this week when Japan's Exim bank indicated it would accept guarantees from Vneshtorgbank, Russia's leading commercial bank.

However, the EC has signalled that it is seeking guarantees from the central bank of Russia – a move which, if it succeeds, is likely to throw doubt over Vneshtorgbank's authority as a guarantor.

EC to extend copyright for heirs of authors

By Andrew Hill in Brussels

AUTHOR'S heirs would earn protected royalties from the writer's work for an additional 10 or 20 years after the writer's death in most EC countries, under draft copyright legislation approved by the European Commission yesterday.

The Commission plans to harmonise copyright protection at 70 years in the Community. That would mean an extension of protection in all countries except Germany, which already has a 70-year limit, and Spain, which protects authors' copyright for 60 years. All 10 remaining member states have a limit of 50 years.

The rights of performers, broadcasters and record producers would be set at 50 years after publication or broadcasting, compared with between 20 and 50 years in most member states.

If approved by EC members states, the legislation could play havoc with publishers' forward planning for this decade.

In recent years the industry has welcomed the expiry of copyright as an opportunity to commission new editions of famous works. In Britain, for example, 1992 will see a spate of new editions of the novels of James Joyce and Virginia Woolf. They both died in 1941, and their *oeuvres* came out of copyright at the beginning of last month.

The draft legislation would mean that any writers' work still covered by copyright protection on January 1, 1994, would earn an extension from 50 or 60 years to the new 70-year limit.

Protection would not be renewed for works which had already emerged from copyright.

The Commission move is aimed at removing potential distortions in the publishing market after internal EC barriers to trade come down at the end of this year. But according to officials the draft directive is also in line with the trend worldwide.

The World Intellectual Property Organisation is looking at a standard 70-year limit, and a number of countries have tabled draft legislation which proposes 70 years of protection.

Japanese market deal for ICL

ICL, the UK-based computer group which is majority owned by Fujitsu of Japan, is to sell its high performance Unix-based mid-range computers in the Japanese market through a subsidiary of C Itoh, the large Japanese trading house, writes Michiyo Nakamoto.

The agreement with C Itoh represents a breakthrough for ICL into the highly competitive Japanese computer market and provides it with an opportunity to underline its independence from its Japanese parent company.

"For ICL to be able to get into the Japanese market this way has some significance and we are not doing this through Fujitsu," ICL said.

The group, which was excluded from some European joint research projects because of its Japanese ownership, has consistently claimed that commercially it operates at an arm's length from Fujitsu.

Fujitsu sells the same Unix-based DRS 6000 system, which is manufactured in Manchester, in Spain, North America, parts of South-East Asia and Australasia but not in Japan.

Although details of the agreement with C Itoh have not been disclosed, ICL is optimistic about the benefits of the new relationship.

C Itoh Techno-Science , the subsidiary that will market ICL's computers, is a systems integrator that has been the sole Wang systems integrator in Japan for 20 years.

Krupp wins Iran plant contract

KRUPP Koppers, part of the German industrial conglomerate, has won the main work on a DM450m (£156.7m) project at Bandar Imam Khomeini, the big Iranian petrochemical complex which was damaged in the Iran-Iraq war, writes Andrew Baxter.

The Essen-based company has been awarded a turnkey contract for a vinyl chloride monomer plant. In a second agreement, a consortium lead by Krupp Koppers and including Klöckner Industrie-Anlagen of Duisburg will build a turnkey polyvinyl chloride plant.

Financing of the orders, awarded by Tehran-based Bandar Imam Petrochemical, will come from Germany and Italy. They provide more evidence of the resurgence of infrastructure spending in Iran, which has also led to recent orders for western-manufactured power equipment. Construction is expected to begin later this year, with the VC and PVC plants coming on stream 24 and 28 months, respectively, after the agreements come into effect.

The complex will produce 175,000 tonnes of PVC a year from ethylene and chlorine. A modern process devised by Hüls, the German chemicals company, will be used to produce a range of plastic products from the vinyl chloride.

Krupp said this would lead to a further increase in demand for machinery and plants for the plastic processing industry in Iran.

Fresh cracks in US-Japan chip pact

Louise Kehoe reports on Silicon Valley's growing anger over the market-share issue

THE US trade representative, Mrs Carla Hills, disappointed US semiconductor manufacturers last week by softening her support for a key element of the US-Japan semiconductor trade agreement signed last year.

The agreement, in which Japan agreed to give foreign producers greater access to its $20bn (£11bn) semiconductor market, specifies a foreign market share of 20 per cent by the end of this year.

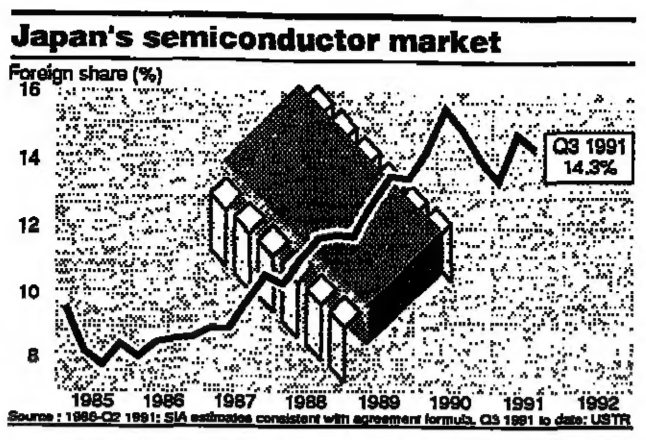
However, playing down the significance of market share, Mrs Hills said that it is only one of about a dozen indices that the US government will use to determine whether Japan has complied with the pact.

The bitterly fought semiconductor trade battle threatens to become the focus of rising resentment in the US toward Japan for its alleged unfair trade practices.

Mrs Hills defended the Bush administration's record on Japanese trade, noting that several important market-opening agreements have been signed during the past three years, including the recent computer trade pact. The administration's trade policy "is working", she claimed, adopting President George Bush's new slogan.

Yet her comments, made during a brief visit to San Francisco, come amid growing concern that the semiconductor agreement will fail to provide US chip makers with greater access to the lucrative Japanese market.

Japan's semiconductor market



Source : 1986-Q2 1991: SIA estimates consistent with agreement formula. Q3 1991 to date: USTR

The foreign share of the Japanese chip market has declined during the past year, according to US semiconductor industry officials, from a high of 15.5 per cent in the second quarter of 1990 to 14.3 per cent in the third quarter of 1991.

The market share data has been recalculated according to a new formula agreed on by the US and Japan in the 1991 pact.

US chip makers are determined that market share should remain "the most important measure of compliance", said a spokesman for the Semiconductor Industry Association (SIA), the trade group that has spearheaded the US industry's campaign. Executives are hoping that Washington will take a tough stand if current trends continue; Mrs Hills' remarks were therefore a bitter disappointment.

Industry officials were particularly perturbed to hear that she had referred to the 20 per cent market share goal as only a benchmark.

"If the market share is 19 per cent," she said, "that will not necessarily be a breach (of the agreement)". American computer industry executives disagree.

"Progress in semiconductor trade must be measured in terms of results, and that means market share. We will accept nothing less," said an official at Advanced Micro Devices, one of Silicon Valley's leading semiconductor manufacturers.

"Rather than finding excuses for why Japan cannot live up to its commitments, the trade representative should be keeping up the pressure," said an SIA spokesman.

The first US-Japanese semiconductor trade agreement, in 1986, set a 20 per cent market share goal, but, when this five-year pact expired, a new deadline was set for the end of 1992. To reach the year-end market-share goal, Japan would have to import a record $1.2bn (£660m)-worth of semiconductor products this year.

US industry officials now acknowledge that this appears very unlikely.

Another concern among executives is a steep drop in the number of "design-wins" that they have been able to obtain in Japan over the past six months.

These occur when a semiconductor device is incorporated into the design of a new electronic product.

Tracking design-wins provides a rough measure of the volume of business that a chip maker can expect to achieve in coming months. The Japanese electronics companies' increasing reluctance to design foreign semiconductor devices into their products is attributed in part to weakening economic conditions in Japan.

"We are the last to be designed-in and the first to be designed-out when times get tough," a US industry official said.

The semiconductor trade dispute may come to a head this summer, when US and Japanese executives meet in Tokyo. After waging their trade battle with Japan for more than a decade, the US industry is in no mood for compromise. Unless there is a significant improvement in Japanese trade before then, the US industry is determined to retaliate.

What form the US industry's response will take has yet to be decided.

One of the options frequently mentioned, however, is to urge the US government to impose trade sanctions aimed selectively at Japanese companies that have failed to increase their foreign semiconductor purchases, while acknowledging the efforts of those that have adhered to the spirit of the agreement.

Unctad plan for $75bn trade boost

By Frances Williams in Geneva

WORLDWIDE savings of $75bn (£41.4bn) a year or more could be achieved through more efficient trade administration and practices, including computerisation of customs procedures, the United Nations Conference on Trade and Development (Unctad) says in a report prepared for its eighth session which begins on Saturday.

The calculation assumes a 25 per cent cut in transaction costs, put at roughly $300bn, or 10 per cent of world merchandise trade.

But the report says potential savings cannot be fully realised because developing countries and the transition economies of eastern Europe do not have suitable information technologies.

The efforts of these countries to liberalise foreign trade and integrate themselves into the global economy are thus being less well rewarded than they should be, for any given level of protectionism abroad.

Unctad, which will hold the meeting in Cartagena, Colombia, has already helped countries such as Mauritius and Mauritania to computerise foreign trade procedures. For as little as $1m, the procedures have speeded customs clearance and increased revenue.

Japanese MPs threaten to hold up budget

By Stefan Wagstyl in Tokyo

MR Kiichi Miyazawa, the Japanese prime minister, last night faced increasing difficulties in securing the passage through the Diet of the 1992-93 budget after opposition demands for a parliamentary investigation into recent scandals.

Opposition parties yesterday started a boycott of the Diet, refusing to take part unless the ruling Liberal Democratic party summoned witnesses to give evidence in connection with a bribery scandal allegedly involving Mr Fumio Abe, a former cabinet minister. They also demanded that an aide to Mr Miyazawa should give evidence about the prime minister's role in the 1988-89 Recruit scandal.

Although he still has room for manoeuvre, Mr Miyazawa could be forced out of office if he fails to resolve the dispute. The government plans to have the budget passed through the lower house of the Diet by the end of the month. If it misses the deadline, ministers may have trouble winning approval of the upper house in time for the beginning of April, when the new budget takes effect.

To make matters worse, the prime minister has been criticised for his gaffe in referring to Americans as lacking the "work ethic" and for failing to deflect US criticism of Japanese trade practices. Mr Miyazawa also has to steer through the Diet controversial legislation allowing for despatch of Japanese troops to serve on United Nations peace-keeping missions. He must also take a delicate decision on opening the rice market to help resolve the impasse in the Uruguay Round talks under the General Agreement on Tariffs and Trade.

Even if he clears these hurdles, Mr Miyazawa could come under pressure over the LDP's apparent involvement in a third scandal – the Sagawa Kyubin affair. Sagawa Kyubin, a leading transport company, is being investigated by the public prosecutor's office for alleged links with a gangster organisation. There is said to be evidence the company made extensive donations to LDP leaders' campaign funds. Some of these donations are alleged to have been so large as to have been improper but the prosecutor's office has not aired evidence on this score.

Mr Miyazawa's personal reputation could be at stake in the affair of Mr Abe, who was a close aide and secretary general of Mr Miyazawa's faction until last December. Mr Abe is accused of taking Y80m (£360,300) in bribes from Kyowa, a steel stockholding and property development company, in return for leaking planning information while he held government office in 1989-90.

The opposition also wants to investigate details of how Mr Miyazawa accepted cut-price shares from Recruit, a publishing company which offered cheap stock to scores of politicians and other influential people. Mr Miyazawa, who was finance minister at the time of the scandal, resigned after his links became known. But opposition parties aim to embarrass him by seeking more information.

Mohammed is Israel's favourite baby's name

By Hugh Carnegy in Jerusalem

IN ISRAEL last year, the most popular name for newborn babies was not Moshe, or Rachel, but Mohammed. Third most popular, according to Interior Ministry figures, was Ahmed.

The explanation lies in the fact that the birth rate among Israel's Arab minority is much greater, proportionately, than among the Jewish population, a trend which has profound long-term political implications.

Official figures show that in 1991, Israel's 4.1m Jews produced 71,000 babies, while the Arab population of 900,000 produced 30,000. The official Arab numbers include 150,000 in occupied East Jerusalem but not those in the West Bank and Gaza.

Israeli concern to prevent a steady erosion of the Jewish majority is one of the reasons the country's leaders have rejoiced at the flood of Jewish immigration from the former Soviet Union over the past two years. It is also one of the reasons why there is anxiety over a recent fall in the numbers of *olim*, or immigrants, arriving from the Commonwealth of Independent States.

In 1991 and 1990, immigration totalled more than 370,000, the vast majority coming from Russia and other former Soviet states. This boosted annual Jewish population growth to more than 5 per cent, ahead of the Arab rate of about 3 per cent for the first time in some years.

With officials confidently predicting the arrival of a further 600,000 to 700,000 Jews from the CIS by mid-decade, the Israeli fear that the Arab minority would within three decades account from more than one quarter of the population – gaining, for example, enough electoral power to make or break governments – receded. Officials talked of the Jewish state gaining "critical mass".

However, the severe economic difficulties engendered by immigration, particularly unemployment of 10 per cent and rising, have recently been blamed for a sharp decline in the the numbers of immigrants from the CIS.

In January, immigration totalled just under 7,375, of whom 6,237 were from former Soviet territories, the lowest monthly count since the explosion of Soviet emigration in late 1989.

"I think we are on the verge of missing a big opportunity for immigration because of the hardships of severe unemployment and housing problems," said Mr Uri Gordon, a senior official at the Jewish Agency, the body responsible for immigration, last week. "Continuation of the current situation could slowly extinguish immigration."

That view is seen by many as excessively pessimistic. Certainly a few years ago, monthly Jewish immigration of more than 5,000 would have been seen as a spectacular achievement by the government. The official view is still that a total of 1m Jews from the CIS will come to Israel over the next five years.

If so, the Jewishness of the Jewish state will be cemented. But in the broader context of both Israel and the occupied West Bank and Gaza Strip, the immigration wave is not expected to delay for very long the catch-up effect of a faster Arab birth-rate.

● Israel is sending its central bank chief to Washington to fight for $10bn (£5.5bn) in US loan guarantees before a congressional decision, Reuter adds from Jerusalem.

"The subject of guarantees has passed recently to a higher, more concrete gear...in light of this, I plan to travel to Washington soon, possibly next week," Mr Jacob Frenkel, the central bank governor told reporters yesterday.

Mr Frenkel said hearings would begin on February 21. Israel and its US supporters are expected to set in motion a major lobbying campaign as the decision nears.

Mr Bgongani Khumalo, a former Inkatha Freedom party member, arrives for the second day of hearings at the Goldstone commission of inquiry into a "third force" behind violence in black townships over the past two years. Mr Khumalo has made various claims about military involvement in training Inkatha supporters to combat African National Congress supporters. Mr Justice Goldstone, the judge investigating public violence, said on Tuesday evidence provided by the ANC and the anti-apartheid Weekly Mail newspaper had so far failed to support charges that the military was funding violence at present.

ANC officials renew foreign loans warning

By Patti Waldmeir and Philip Gawith in Johannesburg

THE African National Congress has repeated a threat to renege on foreign loans to the current white government, despite a personal assurance from Mr Nelson Mandela, ANC president, that all such loans would be honoured if the ANC came to power.

Earlier this week, Mr Mandela repudiated ANC statements suggesting that a future ANC government would refuse to repay loans made now to the National Party government. He said they represented the personal views of officials, and were not policy.

"We are obliged to honour these loans or else we will be in a great deal of trouble," he told journalists at the World Economic Forum in Davos, Switzerland.

Yesterday, however, the ANC repeated that it might not honour loans made to the "present illegitimate South African regime and its agencies" before a multi-racial interim government had asked for financial sanctions to be lifted.

The main proponent of this view within the ANC is Mr Cyril Ramaphosa, the secretary general, whose influence within the organisation rivals that of Mr Mandela.

The public dispute between the two men highlights the confusion over economic policy within the ANC, with officials repeatedly contradicting each other over crucial issues such as nationalisation.

Yesterday's incident raises doubts over Mr Mandela's assurances at Davos on nationalisation. Asked whether he could assure investors that new investments would never be nationalised, he said: "We have made this clear. . . we are well aware that if you cannot co-operate with business you cannot succeed in generating growth. . . we would like to create the conditions for investors to invest without any fear of their properties being nationalised, or of not being able to repatriate their profits and getting a safe return on their investments."

The threat to default on foreign loans is made with a strategic goal in mind: ANC officials believe that access to new lending will strengthen Pretoria's hand in constitutional negotiations; they see the threat of default as a potent weapon against government, which has recently re-entered international capital markets blocked since the mid-1980s.

However, Mr Gerard Croeser, the government's director general of finance, warned: "The ANC has a simple choice: if they think they are going to be the government and they think they will need loans in future, renege on the first one and you won't raise a cent ever."

ANC opposition has already blocked a planned foreign issue by the Independent Development Trust, a quasi-government organisation which is spending R2bn (£400m) on black housing and education. Yesterday's statement was aimed at blocking a foreign bond issue planned by the Development Bank of Southern Africa, a parastatal organisation.

Confusion within the ANC might not matter but for its proximity to power. The organisation wants to share economic power with Pretoria in an interim government but concrete policies remain distant, as advisers and officials indulge in endless debate.

Britain welcomes E Timor inquiry

By William Keeling

BRITAIN reiterated its concern for human rights in Indonesia yesterday in a meeting in London between Mr Douglas Hurd, the UK foreign secretary, and Mr Ali Alatas, his Indonesian counterpart.

Mr Hurd welcomed, however, the Indonesian government's investigation into the killings of civilians by the security forces in East Timor on November 12 last year, events which Mr Alatas yesterday described as a tragedy.

The investigation's summary report estimated that 50 people were killed and 90 still missing, figures which are challenged by independent witnesses as too low.

At least 60 East Timorese are reported to have been arrested in connection with the incident. Mr Alatas said action would also be taken against members of the armed forces deemed to have broken the law, although human rights groups say no charges have as yet been brought.

Britain has since resumed its aid programme, and annual discussions on aid between Indonesia and the Netherlands – the former colonial power – are to take place this month as scheduled.

New aid from Canada remains suspended, although a spokesman said the government was encouraged by the summary report and Mr Alatas was expected in Ottawa later this month.

The Portuguese government, however, remains hostile to Indonesia, and has accused the government of torturing East Timorese arrested after November 12. Indonesia invaded East Timor – a former Portuguese colony – in 1975, annexing the territory a year later in a move still unrecognised by the United Nations.

Mr Boutros Boutros-Ghali, the UN secretary general, is sending Mr Amos Waco, Kenya's attorney-general, as a personal envoy to Indonesia this weekend. Mr Waco, accompanied by two UN secretariat officials, is expected to spend about a week meeting government officials, members of Indonesia's own commission of inquiry, and others concerned.

Miti calls for an end to frequent design changes

JAPAN'S Ministry of International Trade and Industry has asked electronic goods manufacturers to cut the number of times they redesign their products, Reuter reports from Tokyo. Frequent model changes do not benefit consumers, use up natural resources and lengthen working hours, a Miti official said yesterday.

Makers change models of videotape recorders and air-conditioners about once every six months while cordless telephones and word processors get a face-lift every few months.

Competition between electronics makers for market share and the hefty appetite of Japanese consumers have led to a frenzy of model changes.

"Consumers have to buy new products because they often can't get hold of parts for broken ones," Mr Hiroko Ota, a social and economic analyst, told the daily Sankei Shimbun yesterday.

Matsushita joins drive to ease US tensions

By Emiko Terazono in Tokyo

MATSUSHITA Electric Industrial, the Japanese consumer electronics group and one of the country's biggest exporters, will import American-made sportswear and outdoor equipment as part of an effort to ease trade tensions with the US.

Matsushita said the move was part of the "Business Global Partnership" import-boosting programme devised by the Japanese Ministry of Trade and Industry (Miti) to defuse US criticism of Japan's trade surplus.

However, Matsushita's move could provoke anger in the US, which is concerned not only about the volume of exports to Japan but also their composition.

It would like to see high-technology groups such as Matsushita import more US-made high-tech equipment.

Matsushita said the company's global partnership programme did not necessarily target electronic goods. "We already import whisky and cruiser yachts. We're starting off with smaller things," it said. Matsushita, which imported Y420bn (£1.9bn) of goods this year, intends to expand imports to Y600bn in the year to March 1995.

Matsushita said it would team up with Seiyu, a leading retailer, in setting up a joint venture, which will import and market products by L.L.Bean, the US maker of outdoor-wear, starting in April.

The electronics group is one of the 23 top manufacturers pledging to increase imports, including imports of parts and capital equipment, boost local procurement in foreign countries and expand commercial ties with non-Japanese groups.

The venture will lead to the first foreign outlet for L.L.Bean, which had sales of $600m (£331.4m) last year.

The company already markets an estimated Y2bn (£9m) worth of goods in Japan through mail order.

Oslo tries to buy back heavy water

By Karen Fossli in Oslo

NORWAY said yesterday it would try to buy back from India a 12.5 tonnes consignment of heavy water (deuterium oxide) which was illegally diverted to India in 1986. It also said it was reviewing its NKr100m (£8.9m) aid programme to India.

A public prosecutor claimed earlier this week to have evidence confirming that shipment, destined for a Romanian power plant, had been illegally re-routed to India.

"I think that it is dubious to give Norwegian aid to nations which use the funding to develop and produce atomic weapons. On this basis I think we must reassess our aid programme to both India and Pakistan," said Mr Thorvald Stoltenberg, Norway's foreign minister, in an interview with a domestic newspaper.

Demonstrators use guns in street battles for first time

Death toll rises in Algeria

By Francis Ghilès

AT LEAST five people were reported to have been killed and 63 wounded in Batna, 270 miles south east of Algiers, in new clashes between security forces and Moslem fundamentalists.

The Islamic Salvation Front (FIS), which won 47 per cent of the vote in last December's first round of elections and was confident of victory had the second round not been cancelled, put the death toll at 15.

The clash in Batna came as fundamentalists protested against the imprisonment for two months of a cleric for inciting rebellion. It highlights the continuing battle launched by the military and the government to take control of the mosques and dictate who is allowed to preach there.

An army captain was among those wounded in Batna and the authorities reported the first use of guns by demonstrators since last June's riots.

The incident is the latest in a string of protests which have led to running street battles and to protesters being killed. The most serious clashes last week were in the eastern capital of Constantine and the southern town of Laghouat.

Security forces found 25 sticks of dynamite and fuse-wire in the showers of Jaafar mosque, where the mayor of Batna usually prays, the Algerian news service APS reported.

The FIS called on militants to march after Friday prayers on February 14 from Algiers' May 1st Square to Martyrs' Square. The march would demand an end to "political piracy" which the FIS says brought a five-man presidency to power last month in a coup d'état.

Meanwhile, at least four bombs were thrown in Algiers during the past week. The targets included the US embassy, the French consulate, the Ministry of Justice and the Law Courts. Friday prayers in the three or four areas of town which are FIS strongholds (Bab el Oued, Kouba, Belcourt and Badjarah) remain tense with an ever present risk of violence. The FIS repeated yesterday its claim that "an Islamic state is the people's demand from men and women, old and young, a way towards stability."

'Solidarity' union defies Beijing

DISSIDENT workers in China, trying to organise a free union in the style of Poland's Solidarity, have mailed 2,000 copies of an anti-government manifesto in one of the boldest acts of dissent in nearly three years, Chinese sources said, Reuter reports from Beijing.

The workers, calling themselves the China Free Union Preparatory Committee, sent the manifesto to government-organised unions and market places at the end of last month, the sources said, an act certain to bring retribution from a communist government determined to crush dissent.

"Ten years ago, Poland's Solidarity union was established. Now it has won a decisive victory. China's Free Union has now been formed and 10 years from now we will also win a decisive victory," the manifesto said.

Palestinian tortured to death, says family

THE family of a Palestinian who died in custody in the occupied West Bank a day after complaining he had been beaten by his Israeli interrogators yesterday accused them of torturing him to death, Hugh Carnegy writes from Jerusalem. An Israeli lawyer alleged that a number of other Palestinians arrested in the same sweep of suspects as the dead man showed signs of torture and physical abuse.

Iran presses on with campaign to rebuild its military might

Scheherazade Daneshkhu reports on Tehran's rearmament, fuelled by a desire for regional power as well as suspicion of its neighbours

TEHRAN Radio, in a rare announcement recently, gave some details of Iran's defence budget: the country's parliament had approved an allocation of IR413bn to the Ministry of Defence and Armed Force Logistics for training, technical research and arms purchase. This money would translate into $5.9bn at the artificially high official exchange rate of IR70 to the dollar or into $295m at the more realistic floating rate of IR1400 to the dollar.

But, even though reliable estimates are hard to come by, it is highly unlikely that Iran is spending as little as $295m a year on rebuilding its defences since the end following its eight-year war with Iraq that ended four years ago.

"Military Balance," the annual defence review of the International Institute of Strategic Studies, put the defence budget at just over $3bn for 1990 and $3.8bn for 1991.

This would account for 17 per cent of the $17.3bn in foreign exchange earnings from oil in 1990 and just under 24 per cent for last year. If the latter is true, then 1990 defence expenditure higher would be greater than that spent on food imports. A report published in the Tehran daily newspaper Jomhuri Islami said that Iran spent just under $12bn during the 1980-88 war against Iraq, making an average of $1.5bn a year. This compares with an average of $8.4bn per annum during the last four years of the Shah's rule.

However much Iran is spending on defence today, one thing is certain, according to Dr Nikola Schahgaldian of the US-based Rand Corporation: "The rebuilding of the Iranian armed forces is a basic goal of the government in Tehran; there is no disagreement between the decision makers on this."

It would be surprising were it otherwise.

Iran's capitulation to the Iraqis, in the form of accepting UN Security Council Resolution 598 calling for a ceasefire, was because it no longer had the weapons with which to fight. Mr Mohsen Rezai, commander of the Revolutionary Guards, said a few months after the ceasefire: "They had armour and we did not... We were unarmed infantrymen against the enemy's cavalry." With Saddam Hussein still in power in Iraq and continuing to make bellicose noises towards Iran, Tehran views the defence of its western border as vital. It does not want to be caught off guard as it was when Iraq took advantage of the internal Iranian turmoil caused by the 1979 revolution. Iraq was able to invade when the highest ranking military officer in Iran was a colonel.

The break-up of the Soviet Union is another factor. Iran is anxious about the long-term potential for stability in the re-emerging Moslem republics along its northern border. Mr Ali Akbar Velayati went on a ten-day tour of six republics last November and has signed a series of co-operation agreements.

But the potential for conflict remains, particularly with Azerbaijan, since there is a risk that Iran's own Azeri minority might attempt to break away and join their northern neighbour.

Moreover, Iran's desire to rebuild its armed forces is not confined solely to defensive considerations.

It also wants to become the major power in the Gulf, filling the vacuum caused by the recent defeat of rival Iraq by the US-led coalition. Tehran's security plan is to establish a common defence pact with the six nations of the Gulf Co-operation Council (GCC) – an offer which has been extended a highly cautious welcome by the council members.

Bruised by the experience of the Iraqi invasion of Kuwait, some GCC countries, notably Kuwait and Qatar, have decided, at least for the time being, to rely on the US for support through bilateral pacts.

Iran is also keeping a wary eye on Saudi Arabia and would consider any build-up in US-Saudi security arrangements as a potential threat to its own security. Iran is therefore aiming to build its forces to match the far superior Saudi military.

There is, however, little likelihood that Iran could quickly return to the formidable defensive capability it enjoyed under the Shah. As one of the US's closest allies, the Shah was allowed the cream of US and West European technology and weaponry. Tehran now has to resort to anything it can buy, and the result is a mishmash of armoury from East and West.

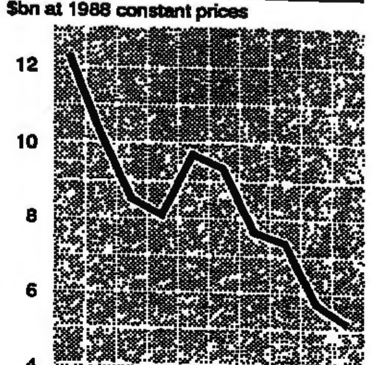
Iran has bought two squadrons of Mig-29 fighter aircraft Sukhoi bombers and tanks from the Soviet Union. It has more than 100 aircraft from the Iraqi army which it has not returned, comprising mostly Soviet makes but also French Mirage aircraft. These are alongside US F-14s from the Shah's era, most of which lack spare parts and maintenance. Other military purchases have been made from China, North Korea, western Europe, Brazil, Argentina and Pakistan.

Western criticism of Soviet arms sales to Iran may put a brake on military transfers; Marshal Yevgeni Shaposhnikov, chief of the armed forces of the Commonwealth of Independent States, said earlier this week that arms sales to Iran would be reduced.

The Iranian army and navy are being streamlined with attempts to merge the forces of the Revolutionary Guards (IRGC) with the more professional regular forces. The two navies operated under a unified command in exercises late last year. The Ministry for the Revolutionary Guards was subsumed under the Defence Ministry by President Ali Akbar Hashemi Rafsanjani soon after he took office in 1989.

Iran's military expenditure

$bn at 1988 constant prices



Source: SIPRI

Meanwhile, speculation about Iran's seeking a nuclear weapons capability remains just that. Tehran is continuing the nuclear power programme started by the Shah but as yet has no completed nuclear reactors. Germany has pulled out of building the Bushehr nuclear power plant, but China has confirmed furnishing some equipment. However, Iran, which is a signatory to the Nuclear Non-Proliferation Treaty, is obliged to allow visits from the International Atomic Energy Agency to inspect its facilities.

The agency inspected Iran's nuclear facilities last November and it hopes to send inspectors again this month. "We are satisfied with what Iran has declared to us," the agency said yesterday. "We are aware of rumours of activities beyond that, and are examining the possibility of clarifying the true situation with the Iranian authorities."

Iranian Foreign Minister Ali Akbar Velayati this week denied western press reports that Iran was trying to lure nuclear scientists from the former Soviet Union. "That is a false, hostile propaganda against us," he said.

AMERICAN NEWS

Baker calls on Senate to ratify arms treaty

By Lionel Barber in Washington

MR James Baker, US secretary of state, yesterday urged the US Senate to support swift ratification of the Strategic Arms Reduction treaty with the former Soviet Union.

In testimony to the Senate foreign relations committee, Mr Baker said the treaty was vital to build stability between the US and the Commonwealth of Independent States by "locking in" agreements to slash each sides' arsenal of long-range nuclear weapons.

Mr Baker also appealed to senators to support the administration's plans for acting collectively with other countries to help the former Soviet republics make the break from seven decades of communism and central planning.

"It is a once in a century opportunity," said Mr Baker. Americans faced a choice between an era of neo-isolationism, protectionism and proliferation [of nuclear weapons] and an era of prosperity, democracy and what he called "a long peace".

These words appeared aimed at staving off criticism at home and abroad that the administration has been too timid in offering help to the republics.

In his testimony, Mr Baker rejected suggestions that the administration should incorporate the latest nuclear arms reductions proposed by President George Bush and Mr Boris Yeltsin, the Russian president, in an amended and updated version of the Start treaty.

The Start treaty – negotiated over nine years – was signed last summer. It would cut US offensive nuclear weapons by almost 30 per cent to about 9,000 warheads; Soviet strategic weapons would drop by almost 40 per cent, to about 8,000 warheads.

Mr Baker is due to visit Moscow and three Asian republics next week, holding talks on nuclear proliferation; the risks of a "brain drain" of Soviet nuclear scientists being lured overseas to work on atomic weapons projects; and the implementation of existing arms agreements.

Bush takes message on economy to businessmen

By Nancy Dunne in Washington

PRESIDENT George Bush yesterday intensified his campaign to persuade Congress to approve his economic recovery plan, urging the business community to send legislators a message of "no more delay, no substitutes".

Speaking to the Small Business Legislative Council, he asked for support in his "rifle-shot approach to stimulate this economy". It was the latest in a series of appearances to promote the programme in his State of the Union address last week.

The president emphasised the themes in his plan: a 90-day moratorium on new regulations "that destroy jobs and weigh down business"; a lowering of capital gains tax; a 15 per cent investment tax credit; penalty-free withdrawals from individual retirement accounts (IRAs) and other measures to boost housing; and a new health plan, to be unveiled today in Cleveland.

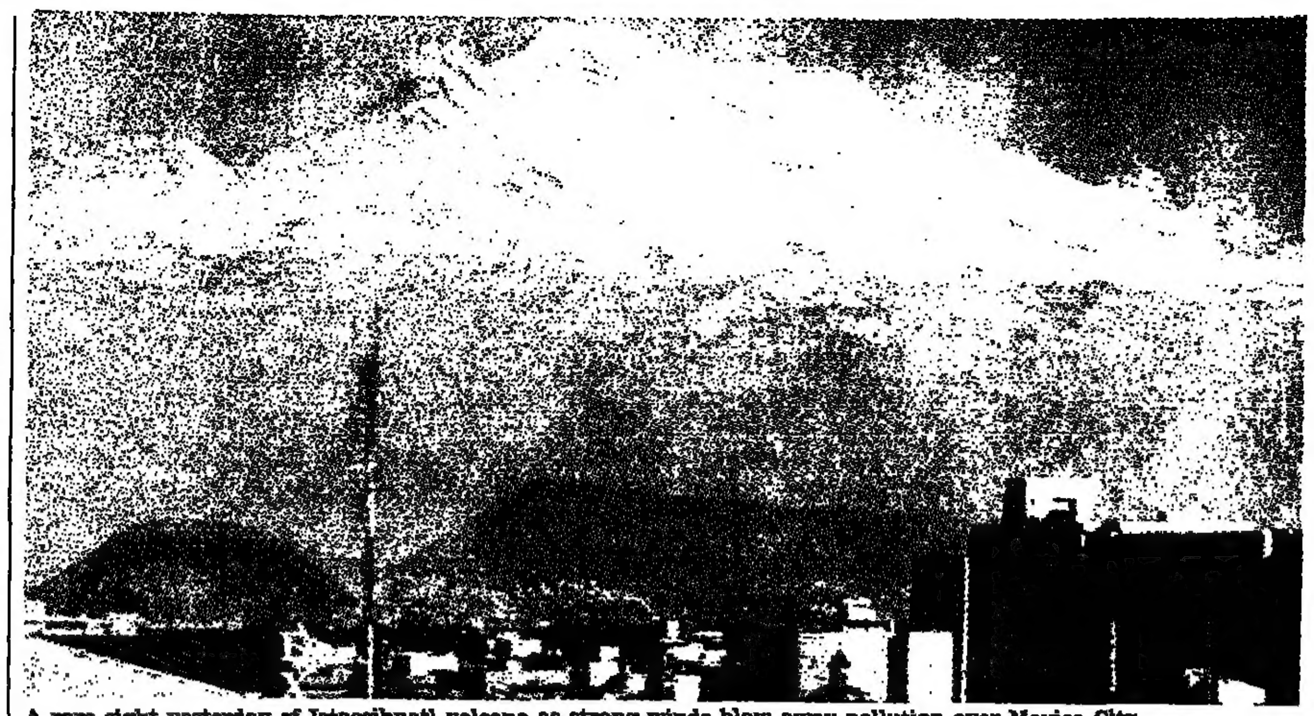
Congress is not ignoring the president's programme or his deadline of March 20. Senate majority leader George Mitchell yesterday was said to be prepared to ask senators to work through their scheduled March 9-13 recess.

However, with polls showing little voter enthusiasm for the president's plan, the Democrats are working on their own versions in both the House and the Senate.

The House Ways and Means Committee has begun to mark up legislation providing a $200 (£111) to $400 middle class tax refund over the next two years paid for by higher taxes on the wealthy.

It may also include a narrowly focused capital gains tax cut, an investment tax credit and liberalisation of IRAs.

In Congress as a whole, the Democrats have yet to achieve a consensus. Senator Lloyd Bentsen, chairman of the Senate finance committee, will hold hearings later this month starting with his own tax credit and savings proposal. He would finance his scheme by higher cuts in defence spending.



A rare sight yesterday of Iztaccihuatl volcano as strong winds blow away pollution over Mexico City

Venezuelan reform may be victim of failed coup

By Joe Mann in Caracas

BUSINESSES and offices re-opened in the Venezuelan capital of Caracas yesterday, one day after an attempted coup d'etat was crushed by military units loyal to the government of President Carlos Andrés Pérez. However, many Venezuelans, still shocked by the attempted coup, formed long queues to buy extra supplies of food and petrol.

The uprising, in which about 150 army officers and over 1,000 enlisted men participated, left as many as 78 people dead, most of them civilians caught in crossfire.

General Fernando Ochoa Antich, Venezuela's minister of defence, said 133 officers and 953 enlisted men had been arrested.

The rebel Revolutionary Bolivarian Movement for National Salvation was unhappy with the course of Venezuela's modern history and the divergence from the ideals advanced by Simon Bolivar, the father of Venezuela's revolution, Gen Ochoa Antich said.

While it is not clear what kind of a government the rebels would have installed if successful, it appears that the officers were not only concerned over the country's economic and social problems, corruption, and the image of the armed forces. They were also highly motivated by an ideological attachment to Bolivar's notions on democracy and the state.

One detained coup leader, Lt Col Francisco Arias, said the rebels sought to "rescue the Venezuelan people from politicians, from demagoguery and bureaucracy."

The general public offered no support to the rebels on the day of the uprising. However, public opinion polls regularly show that Venezuelans are unhappy with the country's current situation and are particularly opposed to the government's economic reform programme.

Publicly, administration officials said there would be no witch hunts against the military. But the fact that leaders of the attempted coup, including Lt Col Arias, were involved in past rebellions has raised questions about how well the military has dealt with its black sheep.

Businessmen are asking whether the government will ease the commitment to free market policies that has caused so much social unrest since 1989. They are worried that the government may try to devote more money to social welfare and other projects aimed at easing social tensions.

Many politicians say the attempted uprising proves that the government's unpopular economic policies, initiated three years ago, must be changed. However, many in the business community would argue that these tough policies are only just starting to bear fruit and must be continued in order to provide the country with long-term growth and low inflation.

A country with a democratic history of more than three decades may turn violent and unstable, with repetitions of last year's sustained street protests and further unrest among the military.

In one respect, however, Venezuela is lucky. Thanks to its oil export revenues it has the financial resources to address its problems better than most developing nations.

Plan drawn up for sweeping CIA reform

By Lionel Barber in Washington

TWO powerful congressional committee chairmen have drawn up plans for a sweeping re-organisation of the Central Intelligence Agency, including a potentially controversial merger of domestic and foreign counter-spying operations.

Mr Robert Gates, CIA director, would become the new intelligence supremo under the proposed reforms which have been driven by the collapse of the former Soviet Union.

The chief sponsor of the reform is Senator David Boren of Oklahoma, chairman of the Senate intelligence committee, who shepherded Mr Gates' controversial nomination through the Senate last year. Congressman Dave McCurdy, also of Oklahoma, who chairs the House intelligence committee, is also calling for an overhaul of US intelligence gathering to meet post-Cold War needs.

Mr Boren reportedly favours giving the CIA control over the FBI's counter-intelligence budget as part of the re-organisation, but this is likely to run into criticism because the CIA has traditionally been barred from operating inside the US.

Americans have always been keen to stress the difference between the CIA and the KGB, the Soviet intelligence apparatus, which from Stalin to Gorbachev controlled spying at home and abroad. The FBI has acted as the domestic counter-spying apparatus, most notably under the long reign of Mr J. Edgar Hoover.

According to congressional officials, the reforms also propose reducing the CIA's role in covert operations and handing responsibility to the Pentagon; moving the National Security Agency, the electronic eavesdropping agency, under the supervision of the CIA; and creating a civilian agency to handle spy satellites and photographic reconnaissance.

These moves would enhance considerably the power of the congressional intelligence committees. Some legislators are already calling the plan a "power-grab" by Mr Boren.

Separately, Mr Gates is considering setting up a new electronic news network operated by the CIA which would offer news bulletins to an elite audience of US government officials. The Washington Post reported that a panel recommended the idea so government officials would not be so dependent on Cable News Network.

Peru given aid to refinance debt

By Sally Bowen in Lima

THE World Bank has approved a $300m (£165.7m) loan to Peru to assist in the refinancing of the country's total foreign debt of about $22bn.

The credit, the first of a series totalling $900m, comes much sooner than expected.

The loan will not be physically disbursed, since it is part of an internal accounting mechanism – similar to the "rights accumulation" scheme employed by the International Monetary Fund – to cover Peru's $900m arrears with the World Bank. Once the total amount has been approved, Peru will be eligible for fresh credits.

The early decision on the loan demonstrates World Bank approval of the speed of economic reform under President Alberto Fujimori. Since Mr Fujimori took office 18 months ago, import tariffs have been dramatically reduced and simplified, export subsidies ended and state monopolies and trade controls eliminated.

The World Bank credit is repayable over 20 years with five years grace.

It is at a variable interest rate, currently around 7.7 per cent.

In what is being interpreted locally as a further sign of support and approval on the part of the international financial organisations, Mr Michel Camdessus, managing director of the IMF, will visit Lima next week.

Price Waterhouse details BCCI role

By Robert Peston

PRICE WATERHOUSE, the leading accounting firm, yesterday published its first detailed account of its role as auditor to the Bank of Credit and Commerce International (BCCI), the international banking group which was closed down last year having been fraudulently managed for more than a decade.

The accounting firm was replying to questions from a committee of MPs trying to ascertain whether Price Waterhouse was remiss in its duties as auditor or whether the regulatory system needs changing.

Price Waterhouse (PW) highlighted four factors which prevented outsiders from uncovering the fraud:

● All significant executive power was concentrated in the hands of two men, the founder, Mr Agha Hasan Abedi, and his chief executive officer, Mr Swaleh Naqvi.

● The board of directors, which "included several experienced European bankers", gave credibility to the bank's loan portfolio;

● The rapid worldwide expansion of the group and the scale of daily banking business helped it hide and spread improper transactions.

● The resources of bank regulators in Luxembourg and Cayman, BCCI's main territories of incorporation, were "not commensurate with the fast expanding worldwide operations of the group".

The next question it addressed was when it first detected "widespread fraud". It said that its 1987 and 1988 audits found imprudent lending.

Price Waterhouse also identified loan transactions "for which senior management were unable to provide adequate explanation".

The London-based accounting firm then "communicated concerns and their implications on the credibility of management to the Bank of England in early 1990".

The auditors continued to brief the Bank of England, in March and April 1990, having become concerned about other banking transactions.

At the suggestion of Price Waterhouse, BCCI's audit committee set up a task force to investigate the transactions.

In a report to the Bank on April 18 1990, more than a year before BCCI was closed down by the Bank, Price Waterhouse wrote: "Our inquiries...have indicated that certain accounting transactions principally booked in Cayman and other offshore centres have either been false or deceitful".

Four months later, Price Waterhouse learned that $500m of loans to "major customers" had been concealed.

By October, the size of the fraud had become more apparent, since the Abu Dhabi Government, the controlling shareholder in BCCI, was pledging $1.5bn of support to cover potential losses on the problem loan accounts.

PW uncovered more details of the fraud, culminating in the report it delivered on June 22 1991 to the Bank of England, which led to the closure of BCCI.

The auditors said they never expressed an opinion to the Bank on whether BCCI should retain its authorisation as a bank.

Price Waterhouse said it did not believe that bank secrecy laws impeded its work as BCCI's auditor or undermined its separate role as accountants reporting on BCCI to the Bank of England.

On the other hand, it was critical of international banking practice which allowed banks to transfer funds throughout the international banking system in "such a way that the identity of the original paying or receiving bank's customer is concealed".

Paddy Ashdown yesterday

Break-in adds to fears of dirty tricks

By Ralph Atkins

THE LIBERAL Democrats, the centrist political party, moved yesterday to limit the damage to its election prospects after Mr Paddy Ashdown, its leader, said that he had a brief relationship with his former secretary five years ago.

The party's MPs rallied around Mr Ashdown after his admission - forced by the theft of personal papers from his solicitors last month. He also won backing from Mr John Major, the prime minister, and Mr Neil Kinnock, the Labour opposition leader, who both insisted that the affair should not become an election issue.

The break-in at Mr Ashdown's lawyers' offices was the latest in a series of thefts which have intensified fears that this year's election will be the dirtiest on record. MPs from all parties have suffered burglaries, particularly of computer equipment but no pattern has emerged.

The impact on Liberal Democrats election fortunes of Mr Ashdown's statement remains uncertain. His greatest strength has previously been regarded at Westminster as portraying Liberal Democrats as above what he regards as Britain's out-dated and unfair political system.

The Conservatives last night catalogued 37 break-ins which had occured at 25 of its constituency offices over the last three years, including the telephone bugging of an office in Southampton. Most involved the theft of computer equipment. There were signs that the government was sympathetic tougher security measures at Westminster.

Lord Holme, a close colleague of Mr Ashdown, said that he feared a new form of civil crime might be emerging, "where people see the opportunity for getting hold of confidential documents and selling them on to the press".

Mr Ashdown was due to attend a meeting of the parliamentary party where he was expected to receive unanimous support of his 21 colleagues. Mr Major said: "These matters are not relevant to Mr Ashdown's policies or his capabilities. They should not be a political issue."

A Canadian De Havilland Dash-7 takes off yesterday, during the London City Airport show with the Canary Wharf development in the background

London City Airport reaches for the sky

Paul Betts reports on efforts to link the centre of the capital with its newest airport

LONDON City Airport yesterday organised its own airshow in the Docklands: the massive redevelopment area down river from the capital's historic financial centre.

By comparison to the Farnborough or Paris air shows, it was a tiny affair. But it marked a significant turning point in the fortunes of the airport built and owned by the Mowlem construction group four and a half years ago.

The £35m airport, which pioneered the concept of a business airport dedicated to serving the City of London financial district and the new redevelopment of the London Docklands, has been struggling to make ends meet.

Sir Philip Beck, the chairman of Mowlem, conceded yesterday that the airport was still losing about £3m a year.

However, with the completion of a £7m extension of its runway, the airport can now be operated by a range of new turbo-propeller aircraft including the British Aerospace ATP, the Swedish Saab 340B, the Franco-Italian ATR42, the Dutch Fokker 50, the German Dornier 228, the Canadian de Havilland Dash-8 as well as the Dash-7 and, even more significantly, the BAe 146 regional jet.

Until it won government approval last September to extend its runway, the airport was largely restricted to de Havilland Dash-7 short take-off and landing aircraft. The problem was that de Havilland decided to stop production of this aircraft whose range restricted services from London City to a limited number of nearby continental European business centres such as Paris, Brussels or Amsterdam.

With the introduction of new 146 jet services and turboprops, the airport has expanded its range to take in a radius of European cities including Stockholm, Rome and Madrid. Already Air France has decided to operate daily flights using the ATR42 from the airport to Paris.

Crossair, the regional carrier 51 per cent owned by Swissair, is also introducing the first BAe 146 jet services into the airport with a daily service from Zurich. Mr Bill Charnock, the airport's managing director, says he hopes a number of new operators will announce soon the opening of services into the Docklands airport. KLM Royal Dutch Airlines is currently being actively courted by the airport to start an Amsterdam service.

But the airport still faces a difficult challenge to become viable. Only 170,000 passengers used the airport last year. Mr Charnock says the airport needs about 450,000 to 500,000 passengers a year to break-even.

He still hopes to achieve this target by the end of next year or in 1994, especially now that the airport can be used by a wider range of turbo-propeller aircraft as well as the short take-off and landing BAe 146 jet.

The airport last year lost one of its main carriers when British Midland Airways decided to suspend flights after losing between £12m-£15m over four years on its London City operations. The recession and the slump in air travel last year caused by the Gulf war also hit the airport - like its three much bigger London rivals of Heathrow, Gatwick and Stansted, all owned by BAA, the former British Airports Authority.

But perhaps the biggest handicap of all has been the continued problem of access to the airport from the City. The airport was sold on the concept that a businessman could reach the terminal building much more quickly than if he had to travel to Heathrow, Gatwick or Stansted on the outskirts of the capital, and check in only ten minutes before the departure of his flight.

The journey to the airport is supposed to take only between 15-20 minutes from the City. But it takes much longer because the new road infrastructure in the Docklands development has yet to be completed.

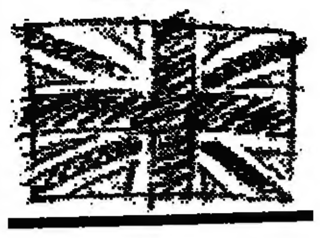
The Docklands light railway service has also been plagued by teething problems. The airport has been forced to warn passengers boarding its free shuttle bus service to the light railway that, while the rail journey into the City is supposed to take only eight minutes, "new trains are currently being introduced into service and serious delays sometimes occur": in other words we advise you not to take the light railway.

The airport is also connected to the City, West End, (the shopping and entertainment district), and Chelsea by a Riverbus service along the Thames. This is a picturesque and pleasant way to travel into the heart of London, but it still takes much longer than 20 minutes by the time you have waited for the shuttle bus to take you to the boat and for the boat to arrive.

The frequency of Riverbus services, however, has been increased. Road access should also be significantly improved next year when new roads linking the Docklands to the City are completed by spring 1993.

One exhibitor at yesterday's airport show said: "A company chairman or a senior executive wants to be picked up by his driver at the airport and whisked to his office or central London home. He doesn't want to hang around for shuttle busses to take him to boats and railways when he can be driven probably just as quickly from Gatwick or Heathrow."

BRITAIN IN BRIEF



Government 'was aware of' supergun deal

The offices of Mrs Margaret Thatcher and defence minister Alan Clark were contacted by the company that supplied propellant for the Iraqi supergun months before parliament learned of the project's existence, according to evidence presented to a hearing of MPs.

Mr Gerald James, former chairman of Astra, the UK defence manufacturer which went into receivership earlier this week, told the House of Commons trade and industry select committee that he and Mr Christopher Gumbley, then Astra's chief executive, notified the Ministry of Defence (MoD) of the project in September 1988.

Astra had just acquired PRB, the Belgian munitions company, and discovered that it was working on "unusual types of propellants for very large guns" for Iraq.

Officials from the department of trade and industry, the MoD and the foreign office have confirmed that they became aware of Project Babylon as a result of Astra's disclosures in autumn 1989.

Shape of ITV in doubt

The final shape of the UK's new Independent Television Network is still in doubt following the Appeal Court decision to give TSW permission to take its challenge to the Independent Television Commission's decision not to renew its broadcasting franchise for south-west England to the Law Lords, the country's highest court.

Although TSW failed to persuade the Appeal Court to quash the ITC's decision to award the licence for south-west England to Westcountry Television, which bid £7.8m to TSW's £16.1m, Mr Harry Turner, TSW's managing director, said the company's stance had been totally vindicated.

Labour unveils health offensive

The opposition Labour party has launched its long-anticipated offensive against Tory health policies with a leaked document it said showed "worrying" financial crises at many trust-status hospitals.

Mr Robin Cook, health spokesman, accused the government of "cynically manipulating" information on the hospitals' financial status.

Mr William Waldegrave, health secretary, reacted angrily at the use of "stolen" documents for party political advantage and said it was "nonsense" to use figures showing deficits equivalent to 0.01 per cent of the NHS budget as a horror story.

Baqi held in BCCI case

A businessman charged over the collapsed Bank of Credit and Commerce International has been refused bail by a London court.

Mohammed Abdul Baqi, 66, of Riverside, Old Mill Road, Kings Langley, Herts, is accused of conspiring to falsely inform accountants that a company owed BCCI more than $76m. An application for bail was refused by the City of London magistrates, and he was remanded in custody until February 11.

Baqi is a former managing director of Attock Oil and the first man to be arrested in Britain in connection with the investigation.

It is alleged he conspired with Basheer Chowdry and other members of the BCCI senior management to furnish audit confirmations to Price Waterhouse, external auditors of BCCI (Overseas) Ltd, showing that Attock Oil International Ltd owed BCCI sums totalling $76,517,952, to his knowledge misleading, false or deceptive because the debts were not in fact owed.

Study records business boom

Nearly 500 businesses started up each working day during the 1980s, according to the most comprehensive study to be made on the role of small firms in the UK economy.

This rapid growth in net business starts – after allowing for failures – took the total number of businesses to just under 3m at the end of 1989 from 1.8m at the end of 1979, according to a a new study.

Whisky exports earn £1.83bn

Scotch whisky exports earned a record £1.83bn last year, an increase of 7 per cent on the £1.71bn overseas sales in 1990.

Exports to the rest of the European Community rose by 15 per cent to £717m, accounting for 39 per cent of worldwide sales.

The figures underlined the importance of the EC market to the industry and emphasised the need for a robust stand by the government to ensure fair tax treatment, said Mr Bill Bewsher, director-general of the Scotch Whisky Association.

Queen rejects abdication

Speaking in a television documentary to be screened in Britain tonight, the Queen Elizabeth II firmly dismisses speculation that she may abdicate in favour of the Prince of Wales, saying: "It is a job for life." In the documentary, marking the fortieth anniversary of her accession, she also delivers a mild rebuke to younger Royals who have come in for criticism.

Keegan returns

Osvaldo Ardiles, the former Argentinian international soccer player, was fired from his post as manager of the struggling northern English club Newcastle United - to be replaced by Kevin Keegan, a former England captain.

MMC REPORT - NEW MOTOR CARS

Mixed reaction greets survey on vehicle pricing

By John Griffiths and Kevin Done

The report on new car sales in the UK by the Monopolies and Mergers Commission was condemned yesterday as a "sell-out " by the Consumers' Association, but was greeted mostly with relief within the motor trade and industry.

The 1,000-page report, published yesterday, concludes that consumers, particularly private motorists, pay more for their cars than they should, and proposes a number of measures to increase competition.

Despite these findings, it largely absolves car makers and their dealers of profiteering and effectively rejects consumer group urgings that the current system of exclusively franchised dealers should be scrapped in favour of a market "free-for-all".

Mr Peter Lilley, the Trade and Industry Secretary, acknowledged that the MMC had examples of some cars being priced "significantly lower" in some European countries than in the UK.

Nevertheless, "a comparison of the price ranges in the UK with those in the markets most similar to the UK - France and Germany - did not indicate significant differences in general price levels," he said.

Most significantly Mr Lilley said yesterday that the Government would be considering whether the UK should remove all restrictions on Japanese vehicle imports before the end of 1999, the date agreed last year by the EC Commission and the Japanese Ministry for International Trade and Industry for the complete liberalisation of the EC new car market.

A voluntary export restraint (VER) or gentleman's agreement has existed in the UK since 1975 and has effectively limited the share of Japanese imported cars to around 11 per cent of the UK new car market.

That restraint must be terminated by the end of 1992 under the terms of last year's EC-Japan accord, but will be replaced by the overall VER for the whole Community.

The MMC report says that on competition grounds alone the restraint should be removed as soon as possible.

The distorting effects of the VER were reinforced by the EC 10 per cent common external tariff on car imports from outside the Community and EFTA, said the MMC.

The Consumers' Association claimed that UK motorists will still be paying up to £3,000 more than they should for a new car, despite the report's conclusion that there is a complex monopoly.

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Watchdog says company cars distort the UK vehicle market

THE MMC report claims company cars, particularly when given wholly or partly as a perk, distort the UK car market, writes Kevin Done.

"We consider that they have been a factor in leading to a generally higher level of specification in the UK within model ranges and that this has been reflected in prices."

The report says that within the company car sector major fleet purchasers can secure fleet and volume discounts not available to private consumers.

The present system of company car provision therefore puts the private buyer at a disadvantage and reduces consumer choice, according to the Monopolies and Mergers Commission.

"The higher prices paid by the private consumer finances the discounts given to company car buyers since the major suppliers have to retrieve from other buyers the revenues foregone by offering extra discounts on these substantial sales," says the MMC.

The watchdog accepts that recent increases in the level of taxation of the benefit of private use of company cars have somewhat lessened their attractiveness. The higher tax level together with the introduction in 1992/93 of employers' liability for national insurance contributions on company car benefits may reduce the number of company cars, it says.

The MMC suggests the system of banding the tax scale charges by original market value and engine capacity has caused a clustering of highly specificed cars at particular tax band thresholds, in particular two litre cars at just under the £19,250 band.

It recommends that banding should be replaced in favour of expressing the scale charge as a percentage of the car list price or cost. This would remove discrimination against those buying cheaper cars within the band.

Monopoly discovered in distribution

By Kevin Done

CAR suppliers' selective and exclusive distribution system does constitute a complex monopoly by 24 main car suppliers in the UK new car market led by Ford, Vauxhall; Rover, Peugeot and Volkswagen, according to the MMC.

It recommends the removal of any restrictions on franchised dealers which:

● limit the dealer's freedom to advertise outside his territory;

● limit the dealer's freedom to hold or acquire dealerships outside that territory from other suppliers;

● prevent a dealer holding or acquiring competing dealerships within his territory;

● restrict the extent to which a dealer can sell car-related goods or services, such as hire, second-hand car sales, fast-fit or multi-brand servicing outside his territory; and

● limit the total number of the supplier's cars that any dealer or dealer group may sell during any given period, or the proportion of the total sales of its cars that may be made by any dealer or dealer group.

The exclusive distribution arrangements "restrict the dealers' independence and freedom of action" and some of the restrictions have adverse effects on competition and prices, says the MMC.

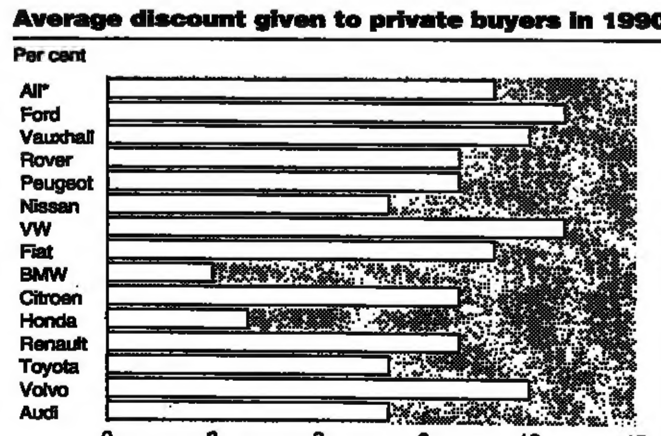
It accepts the motor industry's argument, however, that the system provides "consumers with after-sales repair and service facilities that they can be confident are backed by the car suppliers", and the MMC says the system also encourages inter-brand competition.

● On the supply of car parts, the MMC report claims a monopoly exists in favour of car suppliers but that there are no practices currently operating against the public interest.

There is still little direct competition in the supply of parts to the car suppliers' franchised dealers in spite of the partial removal of exclusive purchasing requirements following the MMC's earlier investigation on cars parts in 1982.

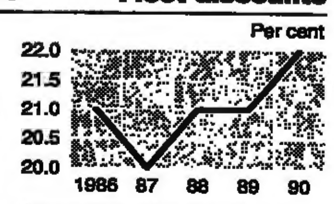
Car suppliers' profit margins on replacement parts were significantly higher than on their total business, but the MMC says there were problems in allocating costs and capital and it concludes the returns are not "excessive".

Average discount given to private buyers in 1990



*Note:includes Lada, Proton and Yugo

Fleet discounts



Consumers' expectations of discounts (%)

	1989	1990
None	40	34
5% or less	11	10
Over 5% to 10%	26	27
Over 10%	23	29
Total	100	100

Ford lags behind in motor productivity

By Kevin Done, Motor Industry Correspondent

THE three leading UK car makers, Ford, Rover and Vauxhall have provided the MMC with data on productivity improvements in the five years to 1990, which show Ford lagging sharply behind its rivals.

"Ford told us that its costs of manufacturing in the United Kingdom are higher by a considerable margin than its costs on the continent," says the MMC.

By contrast Vauxhall, the UK subsidiary of General Motors, told the MMC its Luton plant was "extremely competitive" compared with the productivity of plants in continental Europe, whereas Ellesmere Port in north west England was "not so competitive".

MMC calculations derived from data supplied by the companies shows that Vauxhall and Peugeot Talbot (at its Ryton, Coventry assembly plant) have achieved large improvements in productivity.

Based on output per employee Vauxhall made a 78 per cent jump in productivity between 1986 and 1990, and Peugeot achieved a similar increase of 74 per cent.

Ford's productivity in 1990 was only 9 per cent better than in 1986, however, and actually fell back in 1990 from 1989.

Rover, which claimed that it saw itself as "fully competitive with other European plants" measured by the hours taken to produce a car, said that it was disadvantaged in terms of other costs by its low scale of output.

● Peugeot Talbot is likely to implement changes in working practices at its Coventry plants today after workers voted by only a small majority to stage industrial action against them.

Peugeot's plans are the latest in a series of moves among UK motor manufacturers to improve productivity in the face of growing competition from Japanese companies which are setting up or expanding plants in the UK.

TECHNOLOGY

Olympic forecasts win gold

One of the biggest worries about sporting events is that the weather may not co-operate. At the Winter Olympic Games, which begins on Saturday in Albertville, France, a new forecasting system should remove uncertainty about what is in store for competitors over the next two weeks.

Meteo-France is launching a computerised forecasting model which will offer more accurate information than previously possible. The Super-Peridot system will reduce the distance between measuring points from 150 kms on the global statistical model Emeraude to 3.5 kms.

Twenty-three Miria automatic weather stations have been set up around the region at altitudes ranging from 333 metres to 3,582 metres to register wind speed and direction, temperature, humidity, precipitation and pressure.

Calculations are made every four minutes and are taken from 30 levels to take account of the effect the relief has on wind and other factors. This compares with 15 or 20 levels for other systems.

The information is gathered from the stations by the weather centre in Lyon-Bron and relayed to the control centre in Albertville either by the European satellite Meteosat or the Transpac packet-switched data network. They are then transmitted for processing by Meteo-France's Cray II supercomputer in Toulouse.

When the French meteorological office started work on the system five years ago it faced a difficult task. "The Savoie region is complicated geophysically, since every valley has a micro-climate," explained Meteo-France engineer Georges Dhonneur. Moreover, the Games will be spread over nine sites, compared with only three in 1988.

Greater precision offered by the system would be useful for agriculture, pollution control, power supply, civil aviation and yacht races among other applications. "We say that every franc invested in weather forecasting gives a return of FFr165 by preventing losses," Dhonneur said.

Barbara Casassus

Computers which recognise human speech are making their voices heard in the office

Fast-talker gets the job

Some people talk to themselves, others talk to their television sets. These days some people even talk to their computers. And the biggest culprits of all are lawyers and doctors.

In Edmonton, Canada, for example, lawyers at Duncan & Craig are producing everything from pleadings and debentures to general correspondence on a voice-activated computer – also referred to as a voice-operated typewriter or a talkwriter.

The firm is using a system developed by Dragon Systems of Cambridge, Massachusetts, which can recognise up to 30,000 spoken words. Some 25,000 words are stored in the computer, the other 5,000 determined by the user. The latter would include terms specific to one profession.

Duncan & Craig bought its first system in April last year and now has 10. The system is ideal for lawyers who have no background in computing, says litigation partner David Cook. "It's less work than learning to touch type."

Its huge vocabulary makes the DragonDictate system one of the most sophisticated voice recognition computers available. It can recognise such a large number of words because it is "speaker dependent" – trained to recognise the accent, stammers and verbal idiosyncrasies of each user.

"To begin with it will often get it wrong," concedes Les Kingham, systems development manager of Aptech, which sells DragonDictate in the UK. The computer, trained on a diet of US speakers, will get only about 50 per cent of the utterances of a typical British user correct the first time. But within a couple of hours the machines will guess up to 70 per cent of the words correctly and 90 per cent given several days of training.

At Duncan & Craig, Cook says a user can be "quite functional after 10 hours' training, and really starts humming along after 20".

In commercial applications the training is swiftest if the keyboard is used in conjunction with the voice activation system. When the machine fails to recognise a word, the user can quickly type it in.

Every user trains the system to their own voice, and the model for each is stored on the hard disc. Each file takes between 2.5 and 4 Megabytes: thus the size of the disc determines the number of users.

The system can be slow to use – each word has to be enunciated clearly to avoid confusion. But it can be taught to introduce repeated phrases – invaluable in the standard documentation of the lawyer.

"The way to use the system at its best is to teach it to cut corners," says Kingham. "The speed will never be as good as a 100 word-per-minute typist, but that is not what it's designed for. It's intended for executives and professionals who want to write their own reports but don't want to have to rely on their secretaries."

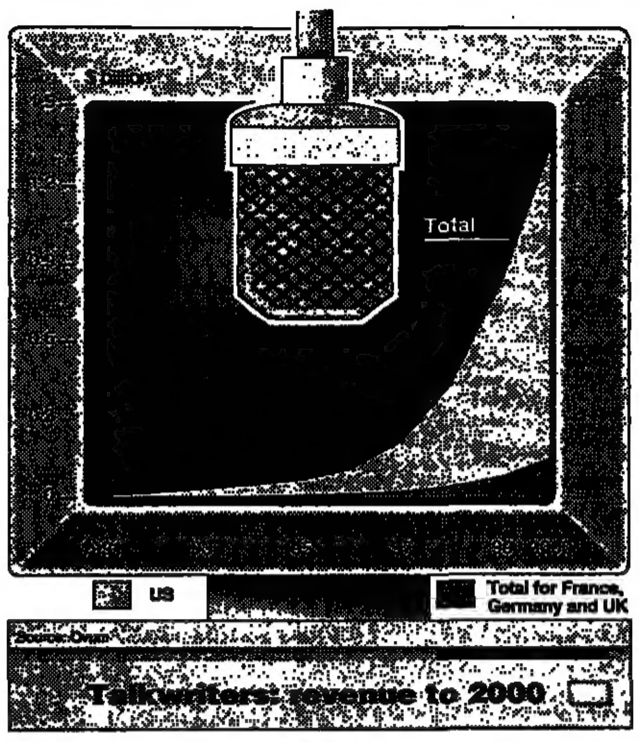
Cook reports that one lawyer at his firm has set up a routine so that when he finishes the body text of a letter he simply has to utter "complete letter" and the machine will finish the formalities and even print the envelope.

Although such systems are attractive, they only account for a very small proportion of the voice recognition market, says Rob Walters, of Satin Information Services, the voice systems consultancy. The vast bulk of systems have only a relatively small vocabulary and are "speaker independent" – they treat every speaker in exactly the same way.

Many speaker independent systems are used in conjunction with telephone services, such as telephone banking. The Royal Bank of Scotland, for example, has been conducting trials on a system which enables its customers to order cheque books or pay bills over the telephone. Users of the system need to speak digits, words such as "yes" and "no" and a number of commands – "mini-statement", for example.

The bank reports that customers have been enthusiastic. The problem now is to extend the system nationwide by putting the recognition technology on to the company mainframe.

Other applications for these small vocabulary systems include cellular telephones. These enable drivers to speak the number – or even tell the phone to "call the office" – thereby eliminating the need to release the steering wheel. Potential uses include hands-free maintenance or manufacture, so that the grubby-handed mechanic could "speak" a report to a computer.



Developers of such systems include Scott Instruments, the Voice Processing Corporation and Voice Control Systems of the US and BT, Logica and Marconi of the UK.

The day when these two types of system can be combined – to produce a speaker independent system that could recognise some 20,000 words – is still a long way off. The problem is the time needed to train the system, says Denis Johnston, senior engineering adviser in speech technology at BT Laboratories. "You would need thousands of voices to train the system and then thousands more to test it."

But if these problems could be overcome, such a system would work better than user dependent models. "The integrity of the training would be so much better," says Johnston.

The systems, large or small, use pattern recognition to match the utterance. The sound wave is broken down into small units, usually relating to the frequency of the sound – a fricative (such as the sound "f"), is usually high frequency, whereas vowels are low frequency. Each unit, of 10 to 30 milliseconds is looked up in a sound library and mathematical algorithms are used to arrive at the best match.

Some of the more sophisticated systems match the phonemes, or smallest sound elements, in each word. And artificial intelligence techniques are used to "teach" the computer to recognise individual speakers' voices.

Advances in digital signal processing chips and disc technology have helped to bring voice recognition into the mainstream computer market.

So much so, that IBM recently launched a voice-activated computer system for hospital radiologists. Following trials in 10 Italian hospitals, IBM will be delivering its first commercial systems early this year, says Alessandro Fusi, manager of the language technology department in IBM's Rome Scientific Centre.

One aim in selecting radiology reports was to shorten the time a patient spends in hospital, says Robert Alexander, of IBM's health marketing division. "It could easily take two to three days, or sometimes longer, to get the report."

On inspecting the X-ray, the radiologist would dictate the report to a secretary or dictation machine. That would be typed up, and then returned to the radiologist for checking. "The hospitals have found that more time is spent by the radiologist, but overall the time is reduced," says Alexander.

Although IBM believed the problem would be with the voice technology, it actually arose in developing a system with which the radiologists felt comfortable. "Every radiologist wanted to add some bells and whistles," says Alexander.

The radiological application uses a PS/2 machine with two additional computer cards and software which can recognise 12,600 words. Each radiologist can add their own words, although no radiologist has added more than 100, says Fusi. The system can, however, recognise up to 26,000 words in more general use. IBM is now looking at applying the system to other medical applications – pathology, for example – and in offices. And researchers in IBM centres outside Italy are working on systems to deal with different languages.

The Belgium company Lernout and Hauspie has developed systems that can recognise six languages, including Korean. The company has also devised the technology to recognise continuous speech for specific applications, says joint founder Pol Hauspie. One example is a telephone reservation service for airlines. If the caller reserves a seat on the Boston-to-San Francisco flight at two o'clock the system can pick out the appropriate words.

However it will be years before a machine which can recognise contiguous speech – complete, uninterrupted sentences – is developed. According to Johnston: "Speech is more than words nailed together end to end."

A helping hand for the disabled

By David Pilling

For 11 years of his life, Christopher Nolan, who was severely brain-damaged at birth, sat imprisoned in his wheelchair unable to communicate in any way.

It was not until he was given the muscle-relaxant drug Lioresal that he was able, with the aid of a wooden stick attached to his head, to type out on a word processor the thoughts and emotions that had long crowded his brain. It emerged that he had been composing and memorising poetry since the age of three.

Nolan serves as a example of how scientific and technological advancements can unleash the potential of disabled people. Voice recognition in computers could be a highly significant development.

Brian Payne, who is congenitally blind, has been using voice input systems since 1985. Payne, who runs his own consultancy – Electronic Services for the Blind – began with the Kurzweil Voice System (KVS), a pioneer model on which he managed to write the first two chapters of his autobiography.

However, the KVS was slow and thrown off by background noises such as clicks, which it interpreted as words or commands. Changes of voice, caused by a head cold or even tiredness, would throw the system off. Payne gave up.

Two years ago, he began to use the DragonDictate system, developed by Dragon Systems of Cambridge, Massachusetts. He dictates to the machine through a noise-cancelling headset microphone, pausing briefly between each word.

Voice recognition can be extremely useful for non-keyboard users (such as tetraplegics or those with spinal injuries) who also have severely impaired speech; so long as utterances are consistent the computer will pick up the intended word or phrase once it has adapted to the user's idiosyncrasies.

Payne points out that, by employing the user-defined functions one utterance could generate a procedure which could, for example, type a standard paragraph of a business letter or access a database.

Because voice commands do not vary, users can move between software packages without having to learn a new set of instructions. This can be useful for disabled people, especially the blind for whom wading through computer manuals can be a real chore.

Payne has DragonDictate hooked up to a voice synthesiser which converts text on the screen to simulated speech free of Dalek-like warblings. He also has a braille pad connected to the terminal which enables him to finger-read text on the screen line by line.

"If you can use voice, you free up your hands to do other things. In that lies the power of the system," he says. Payne consults braille notes jotted down during meetings and dictates a more polished version into the computer. The manufacturer claims 30-40 words per minute can be achieved.

Payne is excited by the prospect of "searching" by voice, accessing, for example, a CD-Rom database of the Encyclopaedia Britannica, company profiles or a phone directory. In the latter case, if the system were hooked up to the telephone, a disabled user could "dial" a number simply by reading out the name.

Bill Fine, information specialist at the IBM Support Centre for People with Disabilities, cautions against regarding voice recognition as a "magic wand", since it is still in the early stages of development and beyond the price range of most disabled people.

He also feels that, for office use, constant dictation into a microphone might disturb fellow workers and further isolate the disabled user socially.

"I don't want to be negative about voice, rather positive about the other solutions, some of which can change someone's life for as little as £30."

For example, IBM's Acces-Dos package tailors the keyboard for a range of disabilities. Keys can be slowed down so they do not repeat characters when pressed clumsily.

Fine says that technology must be selected according to its practical ability to improve the lives of disabled users. "There are no technological solutions," he says. "Technology simply makes possible human solutions."

Financial services

Labour says it is being sold short

John Authers investigates claims, counter claims and allegations of scare tactics

Labour's "tax bombshell" has been a boon for the marketing brains teams of the financial services industry. The Conservative onslaught on Labour's proposals has done a lot of the work for them.

"Act now to beat the tax man," urges Abbey Life, the life assurance group in a circular to customers. It goes on to warn: "It is no secret that a future Labour government would abolish a number of the tax planning opportunities that currently exist".

Hardly surprisingly, such tactics have not pleased the Labour party.

Earlier this week, Marjorie Mowlam, Labour's city spokesperson, complained to Lautro, the industry's regulator, claiming that Abbey was trying to "panic customers into making important financial decisions on the basis of unfounded speculation about what a future Labour government would do".

Abbey Life hotly denies that the letter was a scare tactic. Every February it sends out letters about tax-planning to alert clients about the Budget and the end of the tax year – traditionally the "harvest season" for the financial services industry.

Abbey says the letter was not politically biased and adds that many other companies had used similar tactics.

Mowlam may not be convinced by the first bit, but she will probably accept that Abbey is not the only offender. Most of the industry has been using the spectre of a Labour government to chivvy investors into various politically sensitive investments.

One advertisement from Murray Johnstone Investment Trusts says "Elect for a PEP... While you've still got a vote!" It goes on to say: "Another general election is coming – and one of the parties has already announced that it may abolish all future PEPs as soon as they take over the reins of office".

Another advertisement, from the brokers Hargreaves Lansdown, carries the words "What if... a major upset to your investments?", next to a photograph of Neil and Glenys Kinnock outside No 10, Downing Street.

There are no specific rules on political bias in financial advertising. The Securities and Investments Board says that all advertisements should be adequate and fair and inform customers of the risks involved. The finer details are delegated to self-regulatory organisations, such as Lautro.

Many investment managers and advisers have published guides to pre-election tax-planning. General enquiries are up from last year, but sales have not yet increased significantly. Over the next two months, marketeers will try to convert vague political neuroses into hard sales.

This affects not only advertising and promotional material, but also product design. One of the most sweeping tax reliefs now available is the tax-efficient Personal Equity Plan.

Thanks to an obscure tax loophole, investors can benefit most from investment trust shares (popular with small savers) – if they move the shares to a PEP within 42 days of the launch of the trust. With the election due soon after the end of the tax year, fund managers scent rich pickings.

Several fund managers are now floating investment trusts, timed so that investors can put the shares into a PEP both this tax year and next. The timing is deliberate.

The most striking launch comes from M&G, the UK's largest unit trust manager, which is spending £3m on promoting its new Recovery Investment Trust. It expects to raise £300m, but is prepared to accept "considerably more".

M&G's launch has all the trappings of privatisation campaigns – mailshots have been sent to 4m homes and around £500,000 is being spent on television advertising.

The launch closes on March 27, the latest possible date to allow investors to put money into PEPs for both this tax year and next. This timing has brought complaints from some brokers that the launch is marketing-led and does not make investment sense.

M&G denies this and points to the strong long-term performance of its Recovery unit trust.

According to Bryan Jennings of M&G: "Our view is that this is the right thing to do in investment terms. But the 2-year PEP element is marketing-led. That is an opportunity given us by the political situation."

Marjorie Mowlam and Neil Kinnock: complaint to Lautro

Telephone selling plan on the line

A draft proposal placing severe restrictions on the use of telephones, faxes and other electronic devices to market goods and services, has fallen by the wayside in its passage through the European Commission.

The now-junked "distance selling" directive would have required prior consumer consent before a company could approach the customer via any form of electronic communication.

That would probably have rendered many forms of currently legitimate UK business activity both more expensive and cumbersome.

Some in the direct marketing field argue that it would have doomed their activities entirely.

The scheme was rejected on January 23 and is unlikely to re-surface without substantial liberalising changes. According to the UK Advertising Association, the distance selling directive has "fallen victim" to the Maastricht agreement on subsidiarity.

This promulgated the principle that legislation should be implemented by the lowest level of government.

But one important implication of the rethink is that the equally restrictive draft on data protection – which closely reflects the German practice of severely curtailing the gathering of personal information – is also likely to fail to win approval.

Direct marketing of all forms, including distance selling, in the UK accounted for some £1.86bn of advertising expenditure in 1990, while direct mail agencies grew by 17 per cent during a year when advertising generally was in steep decline.

The Advertising Association is claiming that it and its fellow European lobbyists have brought about a sea-change in the thinking of EC officials, weaning them off an inclination towards heavily-protective consumer legislation.

Gary Mead

Blowing hot and cold over Europe

Guy de Jonquières welcomes the launch of the EC refrigerator and microwave

Lord Young, when Britain's trade and industry secretary, once said that the European Community would have a true single market when it had a common lamp bulb fitting. Perversely, the EC continues to duck that particular challenge. However, the day of the Euro-fridge and Euro-microwave is at hand.

They are to be launched shortly by Whirlpool, the US domestic appliance manufacturer which last summer took full control of the white goods businesses of the Dutch Philips group and is seeking to weld them into a pan-European marketing strategy.

Philips' failure to treat Europe as one market has bequeathed Whirlpool an immensely complex range, with so many national variants that only a fifth are sold in more than two countries.

Fridges and freezers come in no fewer than 2,300 model specifications and microwaves in 560. Though many of the variations are minor, they all add expense. Whirlpool reckons harmonised designs could cut production costs by as much as 10 per cent.

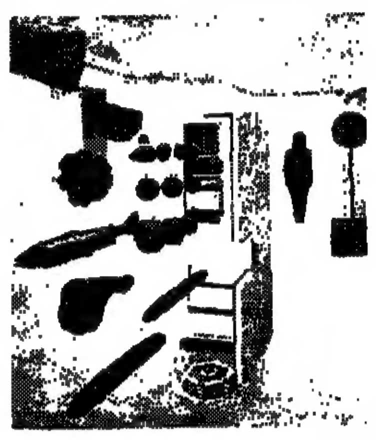
In the next few weeks, the company will start shipping three identical models of refrigerators and microwaves to 5,000 dealers in seven EC countries. The dealers are affiliated to Euronics, an 18-month-old federation of independent electrical retailers which put the idea to Whirlpool soon after it was formed.

The plan also calls for standardised packaging and instruction manuals, co-ordinated advertising and promotion and reciprocal guarantee and servicing arrangements between Euronics dealers in different countries.

Marcel Vloemans, Euronics' managing director, expects the scheme to yield substantial efficiencies by encouraging bulk purchasing, simplifying administration and after-sales support, and enabling dealers in different countries to trade stocks of product.

Indeed, his members are so confident that they have committed themselves to a 40 per cent year-on-year increase in sales of Whirlpool fridges and microwaves. Whirlpool, which claims the agreement is the first in its industry, aims to conclude similar "partnership" deals with other retailers.

The agreement reflects a wider change in the marketing of European electrical and consumer electronics products, as manufacturers and retailers close ranks in an effort to capture bigger scale economies and expand market share.



Much of the running is being made by the retail trade, even though it remains far more fragmented and nationally-based than manufacturing. Still more surprising, the pace is being set by small independent dealers. The growth of big multiple chains has prompted the independents to band together across frontiers in groupings such as Euronics, in an effort to buy in bulk, cut costs and improve customer service.

As a result, individual outlets are becoming more selective about the range of brands they stock. The keener competition for shelf and floor space is an important reason spurring Whirlpool and other manufacturers to tie retailers into long-term "partnerships".

Expert International, a Swiss-based federation of 2,800 dealers in 14 countries, says almost half the consumer electronics products they sell are supplied by only four manufacturers, down from nine in 1989. It expects the trend to continue and to spread to white goods.

However, Wim van den Tooren, managing director of Expert, says few manufacturers are yet organised to negotiate with dealers on a pan-European basis. Because many still leave sales and marketing to loosely co-ordinated national subsidiaries, they are also sometimes slower than retailers to spot cross-frontier trends.

Van den Tooren says that until two years ago, some manufacturers' trade prices for the same products diverged by as much as 35 per cent between countries. Only after Expert pointed out the discrepancies did suppliers start harmonising European prices.

Another obstacle to pan-European marketing is the difficulty of offering uniform guarantees. Though a few manufacturers, such as Sony, have recently made their guarantees transferable across borders, they remain bound by widely varying local regulations.

In Italy, three-year guarantees are common for white goods. But in Germany, where the law entitles consumers to insist that defective products be replaced, guarantees are often limited to six months. Sony is trying to find a way round the problem, but admits it may be hard to please all its dealers.

Expert's members found another solution by agreeing to offer free one-year insurance. "If you buy a video camera from an Expert store in Norway and damage it in Spain, you can exchange it at one of Expert's Spanish outlets," says van den Tooren.

The development of pan-European customer support and service is closely linked to progress on product standardisation. This has already gone a long way in consumer electronics: about 95 per cent of components in a Sony television chassis are common throughout Europe, even though transmission standards differ between countries.

Progress is slower in white goods. In France, Finland, Norway and the Netherlands, the best-selling washing machines are top-loading designs, but elsewhere front-loaders pre-dominate. Furthermore, spin speeds are higher in the north of Europe than in the south. Cookers and stoves are even more diverse.

Many appliance manufacturers are reluctant to force the pace of standardisation for fear of antagonising housewives who have grown used to a particular type of design. Vloemans of Euronics believes it is much easier to standardise completely new types of product.

But others think product variations reflect the habits of suppliers, rather than of consumers. "There is no basic reason why products should differ," says van den Tooren.

BUSINESS LAW

Capital structures threatened

By Deirdre Curtin and John Davies

A legislative sword of Damocles hangs over the share capital structures of many substantial EC companies. The companies affected are those with dual or multiple class share structures providing for non-voting, restricted or multiple voting shares.

The threat is in the European Commission's draft Fifth Company Law Directive, in the form of a proposal to introduce a mandatory "one share, one vote" system of proportionality. Although first tabled in 1972, little attention has been paid to this aspect of the draft directive. Now, however, it appears that the Council of Ministers may reach a political agreement or "common position" on the issue during the next 12 months.

Before the sword falls, enfranchising non-voting shareholders overnight and effectively disappropriating the property of others, it is worth examining the legality under Community law of a mandatory "one share, one vote" proposal.

The mandatory impact of the proposed Directive appears to threaten such veteran Community law principles as proportionality and respect for acquired property rights, as well as the principle that legislation should not impose burdens on individuals retroactively.

If adopted in its current form, article 33 of the draft would oblige public limited companies throughout the EC (and possibly throughout the larger European Economic Area) to respect the principle of "one share, one vote".

Currently, the only exception is for certain kinds of genuine preference shares. The main concern from a legal standpoint is that it purports to cover the share capital structure of *all* public limited companies irrespective of when or how their capital structures were established and not just those which come into existence after the Directive has been adopted.

The Commission's political will on this issue has hardened over the years. It started from the premise that equity and modernity required a Community standard of "one share, one vote" on the basis that it would facilitate the reduction of any "democratic deficit" in a company's shareholding.

However, as part of the takeover package proposed by Commissioner Bangemann in 1990, the Commission tabled amendments to the proposed Directive, including article 33, with the aim of creating a level-playing field for takeovers within the EC.

The Commission's philosophy now seems to be that the principle of "one share, one vote" enhances its takeover package because it facilitates transfers of control. Non-voting, restricted voting or multiple voting shares, it argues, can make transfers of control and, in particular, hostile takeover bids, more difficult because they allow a concentration of votes in certain hands.

The Commission's views are also incorporated in the current proposal for a Council Regulation introducing the Statute for a European Company ("Societas Europeas"), which includes parallel provisions prohibiting restrictions on voting rights.

This Regulation could well be adopted during 1992, thereby creating a precedent for the draft Fifth Directive.

However, the approach of the Commission to share voting proportionality may be questionable. First, unequal voting rights are not necessarily inconsistent with the principle of corporate democracy.

Investors who are given a choice between voting and non-voting shares may choose the latter because they are more interested in the investment potential than they are in voting rights. The acquisition of shareholdings in a company consists of a series of contractual relationships freely entered into by economic players in a market to maximise their joint welfare.

Secondly, the Commission's implicit equating of non-voting, restricted voting or multiple voting shares with defensive tactics in response to the threat of takeovers may require further thought.

It needs to take account of the historical perspective which shows that many companies have had multiple class share structures for several generations, long before hostile takeovers became common.

Moreover, differential share structures can be seen as attempts to maintain control of the company in the light of additional equity financing rather than attempts to prevent outsiders from taking over the company.

It has also not been clearly established how far the introduction of the principle of "one share, one vote" would in fact contribute to achieving the objective of a level playing field in the EC given the many other obstacles which exist.

Even if the gains were significant, it is questionable whether the objective is important enough to justify undoing the balance of established contractual relationships in a company's capital structure.

This is a crucial point from the perspective of Community law. If it cannot be established that the means chosen (introduction of the principle of "one share, one vote") are both appropriate and necessary to attain the objective of a level playing field then a fundamental principle of Community law, the principle of proportionality, will not be respected.

However, the draft article 33 also raises other concerns under Community law. As currently worded, the article requires existing companies to adjust their share structures to respect the "one share, one vote" principle irrespective of when or how those structures were established. Therefore, it disrupts existing legal situations created by the company's statutes on which shareholders based their decisions to invest in the company.

Inevitably, existing voting shareholders in those companies affected will find the value of their shareholdings dramatically diluted overnight and non-voting shareholders will be likewise automatically enfranchised when their original contractual bargain did not provide for voting rights.

It is this element of disappropriation which may further taint the current formulation of article 33. It is, arguably, in breach of both the acquired property and other rights of a defined class of shareholders in a manner incompatible with Community law.

Any resolution of this problem would necessarily involve payment of compensation to the holders of the voting shares for their dilution of voting power. This issue is not yet addressed in the draft Directive and presumably the intention is to leave it for EC countries to resolve when they implement the provisions of the Directive into national law.

If so, it will be up to each country to choose, at its discretion, whether and how to deal with it. This could lead to differences in treatment between EC states. If a state does act then – quite apart from the extraordinarily difficult computation problems in finding a solution of universal application which puts a value on company "control" – it will have to decide who should pay the compensation.

One possible solution would be for the compensation to come from the holders of the enfranchised shares. However, any attempt to implement compensation along these lines will give rise to a host of other, equally difficult, problems since it would be asking enfranchised shareholders to pay for something they do not necessarily want.

Finally, Community legislation should not impose burdens and obligations on individuals retroactively. The proposed article 33 would do this. This general principle is embodied in the legal systems of most EC states and therefore forms part of the Community legal order. It is inspired by the principle of legal certainty as well as the requirements of the rule of law.

The exception to this principle which to date has been applied by the European Court of Justice is where the purpose to be achieved by the legislation clearly requires it. The requirements of "public interest" are material here and the legitimate expectations of those concerned must be duly respected. Neither of those criteria are fulfilled in the case of the proposed article 33.

To avoid the legal consequences of the effects of expropriation and retroactivity, the proposed Directive should make some provision for "grandfathering". This would allow companies which already have non-voting, restricted voting and multiple voting share structures to continue with them and to make further share issues.

That done, the answer to the question of whether the Community should apply a rigid "one share, one vote" principle for the future to companies which are not grandfathered should depend on establishing that it is an appropriate means of achieving a level playing field for takeovers in the EC.

Deirdre Curtin is a barrister and John Davies a partner in the Brussels office of City solicitors Freshfields.

CINEMA

A Mongolian fairy story

URGA
Nikita Mikhalkov

FOR THE BOYS
Mark Rydell

DEATH IN BRUNSWICK
John Ruane

THE PLEASURE PRINCIPLE
David Cohen

DOUBLE IMPACT
Sheldon Lettich

What do nine men and women living in luxury on an Italian island know about life in inner Mongolia? Yet last year's Venice Film Festival jury, after several hours of cosseted deliberation at the Lido's Excelsior Hotel, gave the Golden Lion for best film to *Urga*, a French-Soviet movie about a Russian road-builder's friendship with a Mongolian peasant.

Cinema – this is a long-established Andrews Theory – can make us believe anything. Consider this praised film by Nikita Mikhalkov of *Oblomov* and *Dark Eyes*. How do we know that the picturesque story of Sergei and Gombo, who meet when Sergei's truck drives into a lake and he finds help and hospitality with the tent-dwelling Gombo and his family, intersects with ethnographic truth at any point?

We are all the more gullible because the film is so mischievously enthralling. The horror of the outsider at the Easterners' methods of food preparation. (These include using a knife to give a live sheep a slow puncture while he and we watch.) The peasant daughter's improbable virtuosity with an accordion. The city-reared wife's demand that the tent be stocked with condoms and a TV. The drunken uncle Bagartou. And Gombo's own expertise with the titular "urga", a hunting device comprising a long pole with an adjustable noose.

How do we know that the word "urga" and its definition have not stolen in from a *Call My Bluff* programme? (No doubt the use and practice of an *urga* is called urganomics.) In short, are the details of this film true or false and which of us will journey to Mongolia to find out?

'Urga': mischievously enthralling

I am not being merely frivolous. Ever since cinema opened up the world to us as no art form has done before, we have been caught on the hook of the proverb "seeing is believing." Our senses cannot lie; we see remote civilisations recorded by the camera; ergo, we must believe it is all true.

Yet deep down the appeal of *Urga* lies not in our certainty of its authenticity but in our *un*certainty. How much is it having us on? After the National Geographical prelude on the plains, Sergei and Gombo travel to town where a series of shaggy-dog episodes occupy the movie's second half. Gombo shops, has a ride at a funfair and visits a doleful priest at a shrine. ("You have problems?" says the priest; "so do I"). Sergei gets drunk, sings sentimental Russian songs in a dance-hall and is arrested. A Chopin-playing friend in a dinner jacket comes to bail him out.

Finally we are back on the plains, where the resting Gombo's precious TV sits on a grassy slope gazing out at a grassy infinity. This is not ethnography, it is surrealism with scenery. *Urga*'s great virtue, amid the waving seas of green and the bucolic or bustling horizons, is its virtual silence. No pat wisdoms are dispensed by Mikhalkov about inter-ethnic accord; no laboured exposition is offered about contrary lifestyles.

Instead the film has a puffball tragicomic fragility. The fairy-tale encounter, and its pollen-blown continuation in the town, outlines a world where loving brotherhood lies in tolerant mutual incomprehension. Enough that we as human beings share the basic needs: food, sex, survival. The rest is a vast human comedy, infinitely varied and infinitely elusive according to our different backgrounds.

★

Watching *For The Boys* is like being dragged gagged and silent through a hundred Hollywood story conferences. This 2½-hour vaudeville with tears stars Bette Midler and James Caan as two troupers who keep going off to entertain the troops. Second World War, Korea, Vietnam: we suffer with them through it all. And yet we still have enough energy at the end of the film to walk out of the cinema, hail a cab and collapse whimpering onto its back seat. Directed by Mark Rydell of *The Rose*, this new Midler vehicle wears the sign "customised by committee". Three screenwriters co-penned it, five producers co-produced it and the strain of trying to fit so many episodes and emotions inside one piece of bodywork tells from the start.

We first meet our heroine in old age. At least we assume that is her condition. Wearing heavily wattled make-up and no eyebrows, Midler resembles a Munchkin who has been in a road accident. Happily we soon flashback to the glory years, where we try to work out why James Caan is the toast of the American variety scene when he neither sings well nor tells good jokes. Midler, joining him as a callow youngster, gooses up the act, but still not enough to stop us puzzling over phrases like "the new Burns and Allen" or "bigger than Hope and Crosby."

But then this film started falling from a great height without a parachute early on. What begins as breezy inanity develops into free-fall idiocy. When the couple visit Vietnam to see Midler's darling son, what would you expect but that the Vietcong attack in mid-cabaret and Junior is soon a shrapnel-perforated statistic on the muddy ground? Cue Pieta position and Oscar-pleading grief from Midler.

Is a film like this cynical or innocent? Mistaken question. In Hollywood the two conditions are synonymous. While making a play for the box-office by packing in every saleable theme and feeling, stars and studios can still believe they are offering genuine dramatic goods. The enthusiasm has to be respected. One admires Caan and Midler's commitment even while one wishes they could be committed. And whenever it is allowed to put down its handkerchief, *For The Boys* can be quite funny. No movie is dismissable that contains the following chat-up exchange. Man in bar: "What would I have to give you for a little kiss?" Girl: "Chloroform."

★

The Australian film *Death In Brunswick* is a wonderful fly-blown black comedy. Everything about fortyish Carl (Sam Neill) spells loser: from his house in suburban Melbourne with its yellow water and exploding gas-heater to his new job as a short order cook in a sleazy nightclub. Then there is mother, a sort of genteel live-in stick insect. She chain-smokes, chain-nags and chain-listens to Mahler on her son's gramophone. And she is appalled when Carl arrives home one night covered in filth after burying the immigrant kitchen hand he has accidentally killed with a fork . . .

This fastidiously helpless, very funny film is a first feature from John Ruane. Ruane seized an unpublished novel by Boyd Oxlade and co-adapted it with the author, drafting in Sam Neill to give a performance we never thought him capable of.

Playing an over-the-hill leather boy, Neill has quiet desperation written all through him, using the wrinkles in his brow as letters. His last bid for youth is a fling with the nightclub's 19-year-old Greek immigrant bar-girl (Zoe Carides). His latest bid for self-destruction is the fracas with the kitchen hand, which yields the film's funniest scene. Carl and his gravedigger chum Dave must dispose of the cadaver, making room for it in a grave where they must do things to the mouldering corpse already resident that Carl would not do even to – well, to his own mother. (He has sleeping pills saved up for her.)

This comedy of frayed nerves and strained tethers reaches the end of its own rope earlier than it should. There is a time limit on the laughs you can extract from a life going threadbare. But for at least an hour its rueful rhythms are a joy and for actor Sam Neill life has clearly begun at forty.

★

Life has a hard time beginning at all in *The Pleasure Principle* and *Double Impact*. The first is an *Alfie*-style sex comedy written and directed by first-time film-maker David Cohen and funded by his local bank. Peter Firth dashes about between the sheets and Haydn Gwynne, Lynsey Baxter and Lysette Anthony are the girls trying to keep up his interest. Routine plot, flattered by good performances.

Double Impact is two hours of Hong Kong chop socky featuring martial arts star Jean-Claude Van Damme. It should never have escaped from the video market, although it creates some picturesque mayhem now that it has. Sheldon Lettich directs.

Nigel Andrews

Alastair Muir

Alec McCowen and Amanda Root

Caesar and Cleopatra

GREENWICH THEATRE

George Bernard Shaw wrote *Caesar and Cleopatra* for the actor Johnston Forbes-Robertson in 1898, aiming to illustrate through the character of Caesar his views about the common humanity of even the most exalted heroes, while chronicling a corner of Roman history that languishes in the shadow of Shakespeare's *Antony and Cleopatra*.

His Caesar, finely realised by Alec McCowen, is a wry, kindly philistine, by his own admission "part brute, part woman and part god", whose laurels conceal a balding head, and whose good nature hides a cunning – and finally ruthless – political brain. We see him first apostrophising beside the monumental claw of a black marble sphynx, enchanted by the frightened young queen who finds him there. Having convinced her that Romans do not in fact eat Egyptians, he proceeds to amuse himself by making an empress of her.

With feet dangling six inches off the ground, Amanda Root's minxish Cleopatra settles into her throne, tearing into her domineering governess (a sinister Sheila Ballantine), squabbling with her brother, while creating merry mayhem with the protocol of both Roman and Egyptian courts.

Matthew Francis's production gleefully captures the mischief of these early scenes. The design (Julian McGowan), of ornate statuary dotted around marble halls, is subverted by the frock-coats and laurels of the Romans. Britannus, Shaw's end-up of the British character, is played by Michael Cronin with bowler hat and poker face, making the maximum comic mileage out of the undignified dive into the waters of the Nile of the entire Roman court, carrying a protesting Egyptian queen who, minutes earlier, had smuggled herself over to Alexandria in a carpet.

The fun and games of the first three acts are abruptly halted in a second half which changes gear into an essay on political methods. Cleopatra, cleverly transformed by Root into a rather charmless sophisticate, is now dangerously confident; Caesar, still making a show of being the genial Dutch uncle, is put on his mettle by the murder of the scheming Egyptian Pothinus, and the resulting uprising by his followers.

In a superbly engineered scene of confrontation between morals and expediency, the ruthlessness is revealed of a colonialist whose "hands-off" liberalism is merely a strategy for allowing his minions to sort themselves out. Having failed to prevent Cleopatra's henchwoman Ftatateeta from killing Pothinus, Caesar lets Rufius – the new governor of Egypt – murder her, before turning his back on the lot of them in a devastating display of political indifference.

Feigning the forgetfulness of an old man, he slights Cleopatra by neglecting to take proper leave of her; the unspoken insult is left frozen in the air between them. Judicious cutting and exemplary central performances have excavated a chilling political parable from a rambling Shavian chronicle about a king and a kitten.

Claire Armitstead

Lindsay Quartet

QUEEN ELIZABETH HALL

To a packed house on Tuesday the Lindsay played Beethoven and Ravel, and Schumann's piano quintet with the 1990 Leeds winner Artur Pizarro. As we expect from them, every performance was both exciting and seriously interesting. In their impassioned Beethoven – the C minor Quartet from opus 18 – there was a newly emphatic twist in the Finale. Their leader Peter Cropper gave the rising phrase that ends the main tune a sharp whipcrack-sting, and later Bernard Gregor-Smith's cello marked the switch into C major with the same explosive flash. Once heard, not only not forgotten but instantly persuasive: that *must* have been what Beethoven meant, for it magnetised the whole movement.

For these players, Ravel's early quartet is some way off the paths they have been cultivating. The Lindsay made their name with the Viennese classics, Bartók, Tippett; they have expanded eastwards – notably to Janácek – and also backwards, but not much in other directions. (A dozen or so years ago I tried to persuade them to look at Elliott Carter's Quartet no. 1, which they could play magnificently, but either they didn't take the bait or they didn't like it.) France has been unexplored territory. In this Ravel, they took heroic care to curb their customary thrust for the sake of a properly *soignée* Gallic surface.

The opening Allegro moderato sounded frail and lovely, but almost enervated. Hugh Wood's lively programme-notes declared that by comparison with Debussy's mature Quartet, Ravel's is "frankly feminine: like a very beautiful cat": true as far as it goes – but there are rippling muscles beneath the velvet, and the balance of the whole piece requires that they be felt from the start. In the crackling pizzicato Scherzo the Lindsay of course got the bit between their teeth, and they made a much better fist of the Finale (too frantic and too thin, in a Conservatoire vein that Ravel never tapped again) than most quartets do. Between those movements, their *Très lent* was deceptively simple and poignant.

Though they are no more than middle-aged, the Lindsay were probably trying out Schumann's quintet before Artur Pizarro was born. It showed. With eyes glued to the piano-score, young Pizarro was a model of good taste, alertness and controlled energy – a faultless team-member, in fact; but in his hands, scarcely one phrase had the sculpted expressive force that his Lindsay partners gave it. No doubt he was too polite, or too honest, to force anything upon the music which might be naively tendentious. It was odd, nonetheless, to hear the instrument that usually bids to dominate Schumann's proceedings, by reason of its rich musical role, reduced to the level of faithful athletic support.

David Murray

Ballet du Nord

SADLER'S WELLS

The Ballet du Nord is a medium-size company based in Roubaix. From its inception in 1983 it reflected the artistic lineage of its founder-director Alfonso Cata, who danced with New York City Ballet, but had also experienced the madcap ways of the Grand Ballet du Marquis de Cuevas, of blessed and slightly improbable memory. Cata educated his dancers with Balanchine – and also more exotic fare – and led his troupe round the world to considerable acclaim, paying visits to regional theatres in this country. On his death a year ago, the Ballet du Nord gained Jean-Paul Comelin as director, and he has now brought the company for its first London visit. I wish I could report that the programme chosen for this week at Sadler's Wells showed the troupe at its best. Balanchine's *Apollo* must always hold the stage in splendour, even when given – as here – a somewhat fidgety interpretation, but neither Jose Limon's *There is a time* nor M. Comelin's realisation of the Mozart Requiem, which completed the bill, bear any serious contemplation.

There is a time looks like the death-throes of traditional American dance. Made in 1956 by one of the greatest modern dancers, it proposes a sequence of emotional studies in which joy, grief, reaping and sowing, and the tedious paraphernalia of life, love and death, are exposed in exquisitely naif little scenas. There is an ingratiating score by Norman dello Joio that challenges you not to love its home-spun predictabilities. The dancers wear costumes that make them look as if they are in search of an audition for Shakespearean peasantry. They scamper, form rings, laugh (and are terrible, as *The Immortal Hour* so acutely observed). Given with the physical weight and purpose that marked Limon's own performance – his style owed much to the intensities of Doris Humphrey, pioneer of American dance – *There is a time* might still make sense, but it demands a way of moving unknown to ballet-trained artists today. Ecclesiastes may not have mentioned it, but there is a time to leave old dance pieces alone. And it is now.

About M. Comelin's *Requiem* I speak with the reluctance of anyone asked to comment upon some merry soul attempting to climb the Matterhorn on a pogo-stick. That M. Comelin sees Mozart as a suitable basis for gymnastic exercises – and not particularly adventurous ones – is a first problem. That he peoples the stage with women in dull nightdresses and men in underpants (sagging haunches abound) is a further matter for concern. That the movement vocabulary relies upon repetition of dull little sequences which contrive to make the dancers look foolish, was, I found, a final noxious touch. The Wren orchestra, a chorus and soloists were also involved in this outbreak of kitsch religiosity. Send not to know for whom the bell tolls – it tolls for them all.

Clement Crisp

A Night in Tunisia

STRATFORD EAST

On one side of the stage is a bargain-basement sax player who thinks he can fly like the Bird; on the other, a burnt-out jazzman hallucinates about his glory days, in a council-sponsored guesthouse where his saxophone rusts away under the bed. Just how the younger Morgan could have turned into the older one is the gist of Paul Sirett's surprisingly touching new play.

I say surprisingly because, on several counts, Sirett sets himself pretty tough odds. The jazz club setting, centred around Morgan's quartet, creates basic practical problems, only partially answered, of finding actors who can play and players who can act. Then there is the plotline, which unfolds like a medley of trad clichés: a musician coming to terms with mediocrity; ill-starred romance between sober black saxophonist and drunken white vocalist; artistic paralysis following some sort of life crisis.

They are all familiar themes, which Sirett gleefully pushes into genuinely unexpected variations, forcing us – as does all good theatre – to re-examine our preconceptions and question our ability to judge on a given body of evidence. We are, for instance, given three valuations of the young Morgan. His own fear is that his playing is second-rate, his girlfriend Gillian thinks it is dated, while the club owner believes he is the best thing since bebop.

The torment of the older Morgan is fired by his compulsion to order this cacophony of voices from the past into a cogent account of what went wrong and, even more difficult to face, what might have gone right had he not, literally and metaphorically, gone into a skid. One minute he takes refuge in fantasy, informing his concerned Pakistani neighbour in the most excitable terms, that he once played with Miles Davis; the next minute, he dismisses the story as lies.

You realise how well Sirett and the older Morgan, Doyle Richmond, have been playing together when the thoughtless confiscation of his saxophone by a social worker becomes a genuinely tragic moment, observed only by the Pakistani (Shobu McAuley), who no-one listens to, and Morgan, who cannot speak.

Richmond creates a character who combines frailty and confusion with a commanding dignity. Alan Cooke, as his younger self, deals attractively and ably with the high of the early scenes but is less convincing on the low notes, and I found it hard to believe in the self-destructiveness of Ruth McKenzie's pole-straight and ever-elegant Gillian. Through all, under Jeff Teare's moody direction, the band plays on – a lugubrious lot whose down-beat presence tides this moving play over the occasional musical anachronism.

Claire Armitstead

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Charles Dutoit conducts the Royal Concertgebouw Orchestra in an all-Stravinsky programme, repeated tomorrow in The Hague and on Sat in Amsterdam. Tomorrow: Hartmut Haenchen conducts choral music by Brahms and Schubert. *Sun*: Combattimento Consort plays baroque chamber music (6718 345)
Beurs van Berlage 20.15 Lucas Vis conducts the Orchestra of the Royal Conservatory in Webern's Six Orchestral Pieces Op 6, Nielsen's Flute Concerto (soloist Liesbeth Niesten) and Bartok's Concerto for Orchestra. Sat and Mon (also Sun afternoon in Concertgebouw): Heinrich Schiff directs the Netherlands Chamber Orchestra in Takemitsu, Haydn and Dvorak (6270 466)
Muziektheater 19.00 Hartmut Haenchen conducts Die Frau ohne Schatten, also Sun afternoon. Mon: four Balanchine choreographies (6255 455/credit card bookings 6211 211)

BARCELONA

Palau de la Musica 21.00 Coral Sant Jordi in Haydn's The Creation. Tomorrow: Berlin Philharmonic Virtuosi. Sat evening and Sun morning: Imogen Cooper plays Beethoven's Fourth Piano Concerto with the Barcelona City Orchestra (268 1000)

BERLIN

Schauspielhaus 20.00 Miltiades Caridis conducts the Berlin Symphony Orchestra in Rossini's William Tell overture, Mozart's Violin Concerto in D major (soloist Michael Erxleben) and Bartok's Concerto for Orchestra, repeated on Sat afternoon, Sun evening and Mon. Tomorrow: Hans-Martin Schneidt conducts Bruckner's Mass in F minor. Sat evening and Sun morning: Solti conducts the Berlin Philharmonic (East Berlin 2090 2156)
Staatsoper unter den Linden 19.00 Michael Gielen conducts Ruth Berghaus' production of Pelléas et Mélisande. Tomorrow: Swan Lake. Sat: Peter Schneider conducts Meistersinger, with Siegfried Vogel as Sachs. Sun: Die Fledermaus (East Berlin 2004 762)
Komische Oper 19.30 Joachim Willert conducts Harry Kupfer's production of La bohème. Tomorrow: Rolf Reuter conducts an orchestral concert including Bruckner's Sixth Symphony. Sat: Rigoletto. Sun: Cinderella (East Berlin 2292 555)

GOTHENBURG

Konserthus 19.30 Hiroshi Wakasugi conducts the Gothenburg Symphony Orchestra in Shostakovich's Second Cello Concerto (soloist Frans Helmerson), Honegger's Pastoral d'été and Mozart's Symphony No 41. Repeated tomorrow at 18.00 (167000)

LEIPZIG

Gewandhaus 20.00 Kurt Masur conducts the Gewandhaus Orchestra in Brahms' Second Piano Concerto (soloist Dmitri Sgouros) and Beethoven's Eighth Symphony. Repeated tomorrow (7132 252)
Opernhaus 19.30 Uwe Scholz's new production of Coppélia. Tomorrow: Nabucco. Sat: Die Zauberflöte. Sun: Tosca with Anna Tomowa-Sintow (7168 273)

LONDON

THEATRE
* Bosoms of Neglect: Broadway playwright John Guare's comedy involving a wild literary tryst, starring Campbell Graham, Eve Pearce and Debra Weston. Runs till March 1 (Theatro Technis, 26 Crowndale Rd NW1, tube: Kings Cross/Mornington Cres, 071-387 6617)
* All My Sons: David Thacker directs Arthur Miller's early masterpiece, with a cast including Ian Bannen, Amanda Boxer, Kate Lonergan and Matthew Marsh. Runs till Feb 29 (Young Vic 071-928 6363)
* Night of the Iguana: Tennessee Williams' 1961 play about curious personalities at a hotel in the Mexican jungle, with Frances Barber, Eileen Atkins and Alfred Molina, directed by Richard Eyre. Opens tonight at 19.00 (National Theatre, Lyttelton 071-928 2252)
* My Cousin Rachel: Daphne du Maurier's romantic thriller with Anita Harris, Edward Highmore and Fleur Bennett (Churchill Theatre Bromley, 18 mins from Victoria Station 081-460 6677)

MUSIC AND DANCE
Covent Garden 19.30 Sylvie Guillem stars in Peter Wright's Royal Ballet production of Giselle. Tomorrow: Cosi fan tutte. Sun: Le nozze di Figaro (071-240 1066)
Coliseum 19.30 James Holmes conducts Richard Jones' ENO production of Die Fledermaus, with Janice Watson, Malcolm Donnelly and Ann Howard. Tomorrow: Königskinder. Sat: Xerxes (071-836 3161)
Sadler's Wells 19.30 Ballet du Nord in choreographies by Balanchine, Limon and Comelin, also tomorrow and Sat (071-278 8916)

MADRID

OPERA
Montserrat Caballé stars in concert performances of Donizetti's rarely-performed Sancia di Castiglia tonight and on Sun at the Teatro Lirico La Zarzuela (429 8225)
CONCERTS
Tonight at the Auditorio Nacional de Musica, the Milan Sinfonietta gives a programme including Dvorak's Serenade Op 44 and Saint-Saëns Carnival of the Animals. Tomorrow, Sat and Sun, Juan Pablo Izquierdo conducts the Spanish National Orchestra in Wagner's Rienzi overture, Liszt's Les Preludes and Garcia Roman's Second Symphony (337 0100)

MUNICH

Philharmonie 20.00 Sergiu Celibidache conducts the Munich Philharmonic Orchestra in Tchaikovsky's Violin Concerto (soloist Christian Tetzlaff) and Schumann's First Symphony. Also tomorrow and Sun morning (48098 614)
Carl-Orff-Saal 20.00 Les Danses Donsk: Mark Davis' modern dance theatre company in a show entitled Aria. Repeated tomorrow, Sat and Sun (48098 614)
Cuvilliés-Theater 19.30 Bavarian State Ballet triple bill, with choreographies by Uwe Scholz and Hans van Manen, also tomorrow, Sat and Sun (221316)
Staatsoper 19.30 Silvio Varviso conducts the Ponnelle production of Turandot, with Ghena Dimitrova, Angela-Maria Blasi and Carlo Cossutta. Tomorrow and Sun: Sinopoli conducts La forza del destino. Sat: Il trovatore with Julia Varady and Dennis O'Neill (221316)

NEW YORK

Metropolitan Opera 19.30 First performance this season of Tannhäuser, conducted by Christoph Prick, with Anne Evans as Elisabeth, Tatiana Troyanos as Venus, William Johns in the title role and Andreas Schmidt as Wolfram. Tomorrow: Der fliegende Holländer. Sat afternoon: Fidelio. Sat evening: Turandot (362 6000)
New York State Theater 20.00 City Ballet in Robbins' Goldberg Variations and Balanchine's Symphony in Three Movements. Season runs daily except Mon till Feb 23, with matinee and evening performances on Sat and Sun (870 5570)

PARIS

Palais Garnier 19.30 Stuttgart Ballet opens a two-week season with John Cranko's Onegin. Repeated tomorrow, Sat and Sun, with a matinee on Sat afternoon. Also Wed to Sat next week (4017 3535)
Opéra Bastille 20.30 Myung-Whun Chung joins members of the Paris Opéra Orchestra for an evening of French chamber music, including Fauré's First Piano Quartet. Tomorrow: Marek Janowski conducts the Orchestre Philharmonique de Radio France in Beethoven's Third Piano Concerto (soloist Jean-Philippe Collard) and Bruckner's Third Symphony. Sat: Lady Macbeth of Mtsensk (4001 1616)
Châtelet 19.00 Manhattan String quartet plays quartets by Beethoven, Bartok and Ravel. Sun and Mon: Arditti Quartet (4028 2840)
Salle Pleyel 20.30 Semyon Bychkov conducts the Orchestre de Paris in music by Ravel, Barber and Tchaikovsky (4563 0796). Tomorrow and Sat in Théâtre de la Ville: piano recitals by Zoltan Kocsis (4274 2277)

STOCKHOLM

Konserthuset 19.30 Michel Tabachnik conducts the Stockholm Philharmonic Orchestra and Chorus in Verdi's Requiem, with soloists including Birgitta Svenden and Tom Krause. Repeated on Sat at 15.00 (244130). Sat in Berwaldhallen: Siegfried Köhler conducts the Swedish Radio Symphony Orchestra in a programme of music by Wilhelm Peterson-Berger (1867-1942), including the Third Symphony and a selection of songs with soloist Anne Sofie von Otter (784 1800)
Royal Opera 19.30 Simon Boccanegra. Tomorrow: Die Zauberflöte. Sat: new ballet production (248240)

European Cable and Satellite Business TV
(all times CET)

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1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman
2300-2330 World Business Today
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2130-2200 (Tues) East Europe Report – weekly indepth analysis from FTTV
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2130-2200 (Thurs) Talking Heads – International Issues
Sky News
1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

SATURDAY
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0900-0930 World Business This Week - a joint FT/CNN production
1540-1610 Moneyweek
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One cheer for the MMC

THE MOTOR industry is no doubt suitably relieved by the Monopolies and Mergers Commission's failure to uncover any solid evidence that new car prices in Britain systematically exceed levels elsewhere in the European Community. However, the investigation raises enough other awkward questions about the structure of the UK car market to suggest the need for corrective action, beyond what the MMC or the government appear ready to consider.

The MMC's most striking finding on prices is the scale of differentials inside the UK. As it points out, the ability of large fleet operators to obtain far more generous discounts than private buyers compels the latter, in practice, to subsidise the former. The inequity lies not in bulk discounts *per se*, which are normal in most businesses, but in the fact that they are the direct result of a distortion created by tax breaks on company cars. As the MMC report puts it, "the present tax system disadvantages the private buyer and screens out a large part of the market from consumer choice".

Though recent budgets have reduced tax concessions on the company car, its continuing popularity suggests they have *not yet been eliminated* entirely. As well as adopting the MMC's sensible proposal to abolish the current "banding" system and relate tax to actual purchase prices, the chancellor should ensure in the next budget that associated perks such as free insurance and repairs are fully taxed.

Selective distribution

The report is far less satisfactory when it comes to the selective distribution system, *which permits car manufacturers* to choose which dealers they supply. It proposes some minor modifications, but their effectiveness remains uncertain, given the failure to address the central issues. Specifically, the MMC seems to have *accepted too readily* industry arguments in favour of the system's supposed benefits to consumers, without attempting to weigh them against the advantages to be gained from free competition at the retail level.

Perhaps the MMC was inhibited from inquiring too deeply by the unfortunate results of its efforts to weaken vertical integration in the brewing industry. But beer and cars are very different products, with very different markets. Indeed, the legal basis for selective distribution – a system which would be regarded as anti-competitive in any other industry – is that cars' technical sophistication makes them unique products, requiring standards of service and customer support which only franchised dealers can provide.

Uneven service

However, the much increased reliability of modern cars and the mixed quality of service provided by many UK franchised dealers raise doubts about the validity of this proposition. It is disappointing that nowhere in its 1,000-page report does the MMC attempt to question it. This is a serious omission, all the more so because the issue will be central to the EC's forthcoming discussions on whether to extend beyond 1995 its exemption of selective distribution from competition rules. It is to be hoped that the EC's deliberations will be based on a more rigorous analysis of the system than the MMC has provided.

The undertaking by Mr Peter Lilley, the trade and industry secretary, to consider the report's proposal to open the British market freely to Japanese car imports is welcome. But in the circumstances, it *may amount to little more* than a belated gesture of repentance. The British government signed away to Brussels control over this area of trade policy when it went along last year with plans to replace national quotas on Japanese car imports with overall EC restraints.

That would have been the moment to press for unrestricted imports. But ministers were much more concerned with avoiding output restrictions on Japanese-owned plants in the UK. Indeed, the prospect of continued protection of the British market seemed hardly to perturb them. Whether they will summon up greater determination to fight for free trade now remains an open question.

Save the PSBR

MR CLIVE SOLEY, the shadow housing spokesman, let slip on Tuesday that Labour was considering changes to the definition of the public sector borrowing requirement. This would allow £8bn of local authority capital receipts to be released for housing without increasing the PSBR. The Conservative chairman, Mr Chris Patten, immediately accused Labour of employing "the Arthur Daley approach to accounting". The shadow chancellor, Mr John Smith, categorically denied that Labour would change the definition to increase public expenditure.

*The hapless Mr Soley had lit*tle choice but to recant. But he is not the only member of the shadow cabinet to have expressed an interest in finding a "cost-free" way of increasing public expenditure. The attractions of off-balance-sheet financing are manifest for a party which wishes to spend more on housing, transport and local services while proclaiming its fiscal responsibility to the markets. Mr Smith is right to resist any attempt to find a quick fix which would allow a Labour government to give an early boost to public spending before economic growth provides the resources.

Without Mr Smith's backing as chancellor, there would in any case be little chance of the Treasury's agreement to such creative accountancy. But there are merits in regularly reviewing the definitions of the statistics which are so central to economic management. The failure to distinguish between current and capital expenditure in the national accounts, for example, is more than mere semantics.

And since economic performance indicators will be used to judge EC member states' fitness for monetary union, there is a case for ensuring that definitions used in the UK are harmonised with those used elsewhere in Europe. The best way to address issues such as these would be through an independent review conducted by economists and statisticians without the benefit of political interference. The Central Statistical Office would be the appropriate body to carry out such a review.

*However, no amount of rede*fining the figures can create new resources for politicians to spend. The £8bn of capital receipts which local authorities hold following the sale of council houses has been long regarded in local government as a pot of gold, withheld only by the perversity of the Treasury. Nothing could be further from the truth: to release more than the 25 per cent which is now permitted to be spent on housing would add to the PSBR in just the same way as any other addition to government spending.

If more is to be spent from the public purse on housing or any other sort of public service, it requires a spending decision which is subject to control and public scrutiny. In the current British context that control can only be exercised by the Treasury. If he has reminded his colleagues of that basic truth, Mr Soley is to be congratulated, whatever his lack of prudence in speaking out of turn.

No more to say

BRITAIN'S democracy will be healthier when there is no market for stolen documents relating to the personal lives of leading politicians. That there *is a market*, and that the News of the World was apparently regarded by the thief as a potential buyer, is a sad comment on both the popular press and the state of mind of some of its readers. In a sane polity the response of the burglar who found himself in possession of a paper relating to Mr Paddy Ashdown's brief relationship with a secretary in 1986 would have been bitter disappointment at having lifted nothing of commercial value.

It may be that the mood of the times is turning against the hypocrisy inherent in manufacturing "news" about public figures on the basis of behaviour which is of solely private significance. If so, the market for salacious tidbits about persons in the public eye will be diminished. In France personal liaisons are not deemed to be politically significant; would that this were so in Britain. Both the prime minister and the leader of the opposition have tried to guide opinion by stating that this matter has nothing to do with the Liberal Democrat leader's politics. Quite so.

John Griffiths says the UK motor industry can breathe a sigh of relief

Suspended sentence

The UK motor trade and industry could be compared yesterday with a man in the dock who, fearing a jail sentence, receives instead a slap on the wrist to hisses from his self-proclaimed victims in the public gallery.

After 18 months of deliberation and sifting through a mountain of evidence, the Monopolies and Mergers Commission has taken 1,000 pages to conclude that:

- British consumers, particularly private motorists, pay more for their cars than they should;
- A complex monopoly exists *in the case of 24 car suppliers*;
- Some of the restrictions applied by manufacturers to their exclusively franchised dealers reduce competition and act against the public interest.

Yet the report effectively finds the industry guilty of only minor misdemeanours on two fundamental questions: first, whether consumers were justified in complaining that UK car prices are excessively high compared with other EC countries; and second, whether the system of exclusively franchised dealers is a contributing factor.

It concludes that neither carmakers nor dealers have been engaged in systematic profiteering and recommends no significant structural changes in the way the industry operates. It also appears to have accepted in their entirety the industry's arguments that Britain's franchised dealer system, with its dedicated service and repair facilities and after-sales support, is necessary because of the complexity of the products sold and their *safety implications*.

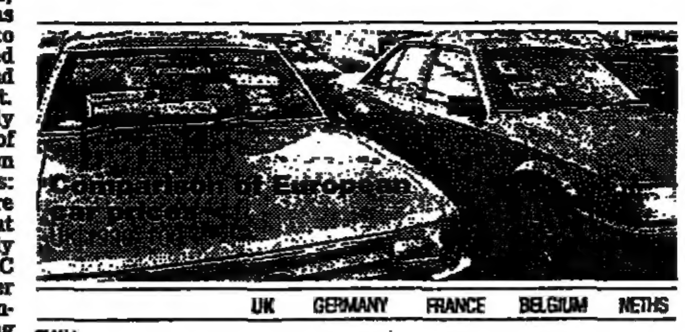
The report provides little guidance for the EC Commission, which is studying whether the car franchised dealer system can continue to be exempted from EC competition rules after the current *exemption period expires* in mid-1995. This system restricts sales of new cars exclusively to dealers chosen by the manufacturers.

Consumer groups, already critical of dealers and their service and repair performance, *have called for the system* to be replaced by a market "free-for-all", with manufacturers being obliged to supply cars to virtually any outlet which wishes to sell them.

Dr John Beishon, director of the Consumers' Association, *said: "It is simply astonishing* that the MMC recognises there is a monopoly and yet accepts that it should stay. It backs all our arguments and yet sits on its hands."

Even Professor Garel Rhys, who holds the chair of motor *industry economics at Cardiff* Business School, sponsored by the Society of Motor Manufacturers and Traders, described the report yesterday as "equivalent to rearranging the furniture on the Titanic". The society itself said it was vindicated *in its protestations that there* is no systematic price-gouging by the UK industry.

Nevertheless, the commission's own calculations show (see chart) that some categories of car, particularly those bought by private buyers, can be more expensive in the UK than elsewhere. It identifies several causes, but they do not amount to a blanket condemnation of the industry:



	UK	GERMANY	FRANCE	BELGIUM	NETHS
SMALL					
Ford Fiesta Popular Plus 1.1 litre, 3-door	100	87–95	88–96	76–82	82–90
Rover Metro L 1.1 litre, 3-door	100	N/A	72–82	69–77	71–79
LOWER MEDIUM					
Vauxhall Astra L 1.4 litre, 5-door	100	105–115	105–117	98–105	97–107
Ford Escort LX 1.4 litre, 5-door	100	111–121	97–108	94–100	92–99
Volkswagen Golf CL 1.6 litre, 5-door	100	98–108	100–112	88–98	92–103
UPPER MEDIUM					
Vauxhall Cavalier L 1.6 litre, 5-door	100	99–110	95–105	90–98	91–101
Peugeot 405 GL 1.6 litre, 4-door	100	89–100	96–109	85–96	83–94
Ford Sierra GLX 2.0 litre, 4-door	100	103–111	96–104	95–100	87–93
LARGE					
Mercedes-Benz 190E 2.0 litre, 4-door	100	91–102	99–114	96–108	91–104
BMW 520i 4-door	100	89–101	98–114	92–104	89–102

Source: New Motor Cars, Monopolies and Mergers Commission report.

- Some conditions imposed by manufacturers on their dealers restrict competition;
- The voluntary export restraints which have limited Japanese imports to an 11 per cent share of the market;
- *Distortions* associated with company cars, not least the deep discounts frequently given to large fleets;
- Difficulties experienced by consumers in importing cars from the EC;
- *The UK's habit of driving* on the left instead of the right.

One of the report's main remedies is to give more freedom to dealers through:

- Removal of restrictions on dealers advertising outside their manufacturer-designated *sales territories*;
- Ending manufacturer-imposed restrictions on the number of dealer outlets any one group may own – Ford has a limit of eight;
- Ending manufacturer restrictions on dealer groups *owning rival franchises within* their designated sales territories, although the commission does not go so far as to say that multi-franchising should be allowed under one roof or on a single site;
- Lifting curbs on dealers setting up car-part sales or fast-fit operations within the franchised territories;
- Removal of unit sales ceilings that some manufacturers impose on individual dealers.

Even if the manufacturers are obliged to implement all these recommendations, they can be considered to have got off lightly. The report puts them under little pressure to make their pan-European pricing policies more open, or to make it easier for consumers to compare prices for similar-specification cars in different national markets.

Indeed, within minutes of the report becoming public, Sir Hal Miller, Tory MP and the society's new chief executive, went on the offensive, saying that the main reason for any price differentials between Britain and the EC was the 27.2 per cent combined Value-Added Tax and special car tax imposed on new car purchases in the UK. This compared with, for example, the 14 per cent levied in Germany.

The point is a potentially important one in terms of the Budget that the chancellor, Mr Norman Lamont, is to present on March 10, and on which the motor trade and industry is pinning strong hopes for a roll back in taxation.

Until the publication of the report, it had been fairly easy for successive chancellors to ignore the industry's persistent complaints that the 10 per cent special car tax is an anomaly that depresses car sales. Now the matter has been brought into focus.

As consumer group complaints of excessive prices – which usually rise each year by more than the rate of inflation – rumbled along for more than a decade, Treasury officials were able to argue that if car prices were excessively high, it was up to the industry to cut them. The exchequer should not subsidise lower prices by cutting the special car tax with a potential loss of £1.5bn to the Treasury.

Now, because the industry has been virtually cleared of price-gouging, Mr Lamont could look more favourably at the increasingly desperate pleas for tax relief from carmakers. The pleas arise against *the background of the steepest* car and truck market collapse in the UK since the Second World War. Sales have fallen from a record 2.3m in 1989 to 1.59m last year.

With industry statistics showing at least 70,000 jobs being lost in the past two years, and with 10 per cent of the franchised dealers closing or being sold off last year, it is possible that the chancellor will decide partially to dismantle the special car tax.

The other main issue of contention is a proposal in the report to dismantle the Anglo-Japanese "gentlemen's agreement" which has effectively confined Japanese-produced cars and light commercial vehicles to 11 per cent of the UK market since the mid-1970s, and to allow them unfettered market access.

This would have greater immediate significance were it not for the fact that the voluntary restraint agreement is scheduled to be terminated at the end of this year, as the single EC market comes into effect.

The UK will then become subject to an "understanding" reached between the EC Commission and Japan last July. Under this, existing national import restraints will be lifted, to be replaced by a progressive EC-wide *dismantling* of Japanese import curbs, leading to an open market by 1999.

Even so, Mr Peter Lilley, trade and industry secretary, appears ready to give consideration to the commission's proposal, to the consternation of British producers. They could have a point. France, Italy and some other large markets will retain ceilings on Japanese imports almost throughout the transition period. If the UK were voluntarily and unilaterally to end restraints, it could well find itself a bigger target than it bargained for.

However, the commission believes that opening the doors should be accompanied by a *quid pro quo* in which the Japanese undertake to ship in a reasonable proportion of cars competing head-on with the main volume car makers, and not, as has happened in the past, concentrate on exploiting the more profitable market niches where competition is less intense.

That is still enough to send a *frisson of unease* through a UK industry increasingly anxious for sales in a market where most observers expect only a marginal market recovery this year, and then only in the second half.

All this is little consolation to British consumers who at best can hope for a slow fall in prices as the measures that the monopolies commission has recommended gradually take effect.

Unity hangs on people's will

Ethiopia's stability is again under threat, says Julian Ozanne

Ethiopia's transition from famine, civil war and state socialism to peace and democracy is uneasily poised between success and violent disintegration.

The interim government, dominated by the rebel Ethiopian People's Revolutionary Democratic Front (EPRDF) which seized power eight months ago, is attempting to consolidate its position. But it faces increasing difficulties as a result of its political programme and its failure to stop Ethiopia's economic decline.

Growing internecine ethnic clashes in the south of the country, open splits between the political groups which make up the loose coalition government, increasing economic hardship, opposition from the civil service, and a large body of disenchanted urban middle-class professionals have all begun to undermine the government's stability and authority.

Ethiopian political observers and western diplomats are increasingly alarmed about the government's policy of decentralising power on tribal lines into what is being termed "ethnic federalism", and the absence of any serious economic reform measures.

At the heart of the scepticism lies a concern that the EPRDF, which grabbed the most powerful cabinet posts in the government when it seized power in May last year, remains wedded to the outdated, peasant-based, socialist and ethnic political philosophy it developed over years in isolation in the bush.

Compounding Ethiopia's difficulties is the legacy of the collapsed regime of Mr Mengistu Haile Mariam, the former president who ruled for 14 years and exacerbated an already long-running civil war. The end of the war left 350,000 soldiers waiting to be demobilised, millions of weapons outside state armories and 20,000-25,000 former officials detained on charges from genocide to corruption.

It also left the already weak economy in tatters. Between 1988 and the end of last year income per head declined an average of 3.7 per cent a year. By the time Mr Mengistu fled in the face of advancing rebels, payments on servicing Ethiopia's US$3bn foreign debt had reached 76 per cent of export earnings. Domestic investment and savings had fallen sharply and inflation had climbed to an annual rate of almost 30 per cent.

"The pressures are enormous," said one close adviser to President Meles Zenawi. "There is only a 50:50 chance that it will all work out."

The greatest threat to stability is the government's policy of ethnic federalism which has unleashed potent tribal conflicts that could escalate into another bout of civil war. When the EPRDF seized power, it convened a national conference of political and ethnic groups to create a consensus for a coalition government, a two-and-a-half-year transitional democratic programme and to hammer out a charter enshrining basic human rights. In the process, the conference committed Ethiopia to a decentralisation of power on tribal lines.

The country has been divided into 14 ethnic regions which are scheduled to hold Ethiopia's first democratic elections in March. Voters will decide the composition of 14 regional assemblies which will have significant autonomy over policing, education, language and local taxation.

But in the run-up to the polls, dominant tribes in each area have been jockeying for power against their minority rivals and fighting has been intense, particularly in the south. Several thousand lives have been lost in the past seven months. Villages have also been razed as competing groups try to seize more land.

President Meles admits that the policy of ethnic federalism is fraught with "dangers" and "irrational fall-outs". But he said that after years of central government and the oppression of ethnic groups there was no alternative. "Ethiopia can be united under one condition – if the people so desire. Any other attempt is a recipe for civil war."

However, efforts to broaden the EPRDF beyond its traditionally narrow political base of the Tigrayan and northern Amhara peoples have failed. It seems likely that after the elections the country will have about 20 ethnic political groups but no national political organisation capable of winning support across them.

Absorbed by this political transformation the government has neglected the economy. President Meles says his government has already prepared sweeping revisions of the labour and investment codes, transport sector policy and is studying how to liberalise trade, restructure the financial system and dismantle state-owned industries. A government delegation was also due to sign its first agreement with the World Bank in Washington last week for an emergency programme which would be worth about US$650m over two years.

But the government has yet to transform any economic ideas into concrete measures. Critics say the recently published transitional economic policy document is too half-hearted in its commitment to the free market.

The pressures released by Mr Meles' takeover of Ethiopia remain formidable. Without greater speed on economic reform and political consensus-building, Ethiopia is likely to lose another opportunity to end its sad history of impoverishment and fratricidal civil war.

OBSERVER

Pressing affairs

■ Besides thoughts of "there but for the grace of God...", the Paddy Ashdown affair raises questions about the governance of Britain's newspapers. After all, we've been on probation since the replacement of the old Press Council by the Press Complaints Commission as the final trial of self-regulation in the industry.

Set up a year ago, it was recommended by a committee led by Takeover Panel chief Sir David Calcutt which stipulated that if the press did not put its own house in order soon, it should be statutorily compelled to. The trouble is that the committee had in mind statutory measures covering privacy and the right to reply – notions hard to define, at least in ways compatible with public freedom of speech.

In the industry itself, the general view is that since the commission was set up the tabloids have mended their ways. In particular they have tended, at any rate until very recently, to lay off the Royals (though some have it that orders handed down to the younger generations to behave themselves in public have simply resulted in fewer splashable stories).

While electioneering politicians may be a more tempting target – as Ashdown's example suggests – newspapers still need to think carefully.

Southward ho

■ All clear! South Africa's many fans in the UK business community can come out of the closet. British Invisibles, as the City's committee on invisible exports calls itself these days, is making its first official sales trip to the Republic next week.

If BI – which has the backing of the Bank of England and the foreign office – thinks it politically safe to go, then other business leaders no longer need to feel so embarrassed about thinking up an excuse for a business trip to the sun.

Rodney Galpin, an old Bank of England hand although now chairman of Standard Chartered, is heading a team which will try and convince the South Africans to use London as their international gateway.

BI is fielding a middling City side for its first official tour. Morgan Grenfell's Martin Kingston, could prove useful as Oliver Tambo's son-in-law. And Commerzbank's Gottfried Bruder will be expected to continue to boast about why London is so superior as a financial centre to Frankfurt, another old favourite of South African financiers.

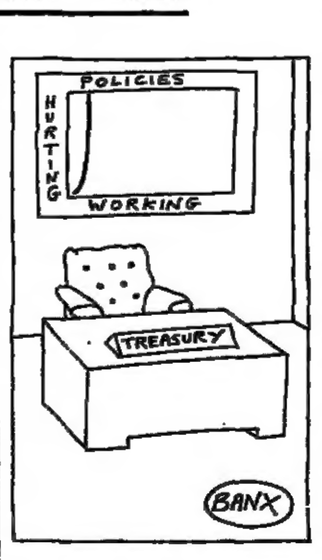
One surprise omission, given Warburg's strong links with Anglo-American, is that none of its players has been selected. But hardy veterans like Robert Guy, Rothschild's gold guru, can always be relied on to turn out at short notice.

Pay now...

■ With Brits at large eagerly poring over advertisements for packaged holidays, Tynesiders are being invited to plan for something different: a boxed mystery-trip, which is inevitable.

Taking advantage of the lifting of the ban on funeral advertising, the North East Co-op is using local radio commercials to plug its Funeral Bond service, designed for the ultimately tidy-minded. It offers a rich range of rites, through to such final touches as choice of flowers and coffin-lining, and the down-payment guarantees no posthumous extra charges.

"Everything moves into action once death occurs," promises a spokesman, somewhat equivocally.



Some 2,500 people have bought the bond in its three years' existence, and the Co-op believes the "very tasteful" commercials will persuade many others to follow them. It also apparently believes itself more than usually immune to the fate its customers are heir to.

Asked how – bearing in mind recessions and whatnot – the company could be sure it was still around to honour its obligations to the bond-holders, the spokesman replied: "We've been here for 100 years, and we don't think anything's going to change *that*."

Round the bend

■ Oh dear, what can the matter be? The EC's vetting your lavatory, according to the government's spokesman in the House of Lords, Earl Howe.

Here are three acid tests of European pan-peformance laid down by draft WC regulations due for installation next year.

- *Paper ball:* 12 sheets of soft paper of specified type, all scrunched up together, must be cleared by the flush four times out of five.
- *Sawdust:* the dampened pan is coated with sawdust, and the area still covered after flushing must not be more than 5,000 sq mm.
- *Resin:* a resin ball of specified relative density must be cleared four times out of five.

Price TUC

■ Britain's Trades Union Congress has clearly felt a need to respond to soggy demand a little more enterprisingly than many in the private sector.

The price of this year's TUC *Budget Submission* document is £5 – down £1.50 on its equivalent a year ago.

Chuffed

■ What is Wales coming to? First, the Bank of Scotland is allowed to gobble up the Bank of Wales, and now another member of the Edinburgh financial mafia – Bell Lawrie White & Co – is appointed as joint stockbrokers to Welsh Water, the principality's biggest company.

Bell Lawrie White is very diplomatic about its coup, stressing that it is its two-year-old Cardiff office, staffed by Welsh speakers, which won the job. Even so it is yet another sign that when it comes to financial business, Wales lives on a branch line.

The Scots wouldn't put up with it.

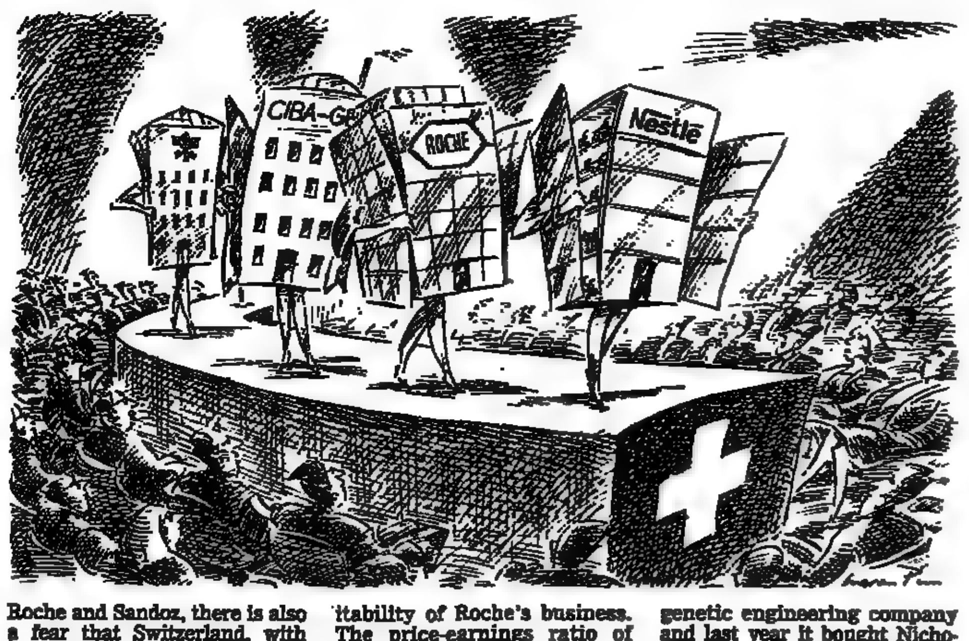
Meanwhile...

■ "Now over to the Houses of Parliament *for more fun* and games," said the Radio 4 announcer after the newscast featuring Ashdown's brief relationship. And what was the next programme?

"Out of Order"

Stepping out on to a wider stage

Ian Rodger on why traditionally secretive Swiss companies are opening up to new investors



The Swiss are not normally associated with radical change. But something of a revolution is taking place these days in Switzerland's big financial and industrial companies.

Traditionally withdrawn and secretive about their affairs, they are now actively courting foreign and small investors and publishing a great deal of information about their activities.

The changes will allow Swiss companies to raise funds more cheaply and sharpen their competitiveness against international rivals.

But the changes do not mean that it is now open season for would-be foreign corporate raiders on undervalued Swiss companies. The Swiss authorities still provide their companies with defence mechanisms, such as allowing them to limit the number of shares a single person can vote. But this practice too is beginning to be challenged and the process of liberalisation is unlikely to be reversed.

The opening up of Swiss companies is illustrated by the case of Nestlé, the largest Swiss industrial company. Since 1988, it has eliminated a ban on foreigners being registered as owners of shares, and has begun publishing interim financial statements and information about its budgets and strategies.

This year, along with several other Swiss companies, Nestlé is expected to reduce the nominal value of its shares to make them more appealing to small investors. A single Nestlé share now costs about SFr9,000 (£3,500). This does not present a problem to big institutional investors but is a substantial deterrent to individuals.

Two main and related reasons can be cited for the changes in the stolid Swiss corporate culture.

First, many Swiss companies have become so large that they can no longer rely solely on local capital markets for their financial needs. Yet they find that when they go into international capital markets to raise funds, they are under pressure to improve disclosure standards to international levels and to eliminate discrimination against foreign investors.

At the same time, the opening to foreigners of the Swiss capital markets in the late 1980s has put new pressures on local fund managers to perform better because of competition from international rivals. Consequently, they are taking a more discerning view about their investments in Swiss companies.

In some cases, notably that of the giant Basle based pharmaceutical groups, Ciba-Geigy, Roche and Sandoz, there is also a fear that Switzerland, with its strong environmental movement, may no longer be a congenial place to conduct business. In the past couple of years, these companies have been stepping up their investments overseas, and appealing to the international capital markets to help finance these moves.

Indeed, it was Roche that started the trend of actively attracting investment in 1988. It split its shares – which had previously traded at about SFr250,000 apiece – by 50 for one, and simplified its byzantine share structure. Roche has since steadily improved the quality of its financial reporting and split the shares again last year.

The pay-off for the group from these moves has been quick to come. Roche shares have become much easier to buy and sell now that there are many more of them in circulation. This in itself makes them more attractive to more investors. They have become the most actively traded Swiss shares, with daily turnover of SFr40m-SFr60m.

Improved liquidity has helped boost the ratio of the share price to the size and profitability of Roche's business. The price-earnings ratio of Roche bearer shares today is about 28, almost the same as that on shares of Glaxo of the UK or Merck of the US. By contrast, shares of Ciba-Geigy and Sandoz languish on price-earnings ratios in the low teens.

Roche says the higher rating

The changes will allow Swiss companies to raise funds more cheaply and sharpen their competitiveness

has made it easier to generate funds in international capital markets at competitive rates. Last April, it raised $1bn through an innovative warrant bond issue with an interest rate of only 3.5 per cent. Then it received a further SFr1.03bn through a share rights and warrants issue in October.

That, in turn, has made it easier for the group to keep pace with overseas rivals in making large takeovers. In 1990, it paid $2.1bn for 60 per cent of Genentech, the US genetic engineering company and last year it bought Nicholas Laboratories, the European over-the-counter drugs business owned by Chicago-based Sara Lee Corp, for $821m.

All of this has not been lost on other big Swiss companies. Most now publish consolidated financial statements, follow recognised European or international accounting standards, and delegate a senior executive to deal full time with investors' needs.

The big three Swiss banks – Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse – have even revealed details of their hidden reserves. "We have to come up to the expectations of well informed international investors," says Mr Hans Geiger, a member of the executive board of Crédit Suisse, the country's third largest bank.

There has also been rapid progress on the issue of removing discrimination against foreign investors.

The most common policy among Swiss companies is to have two classes of shares, registered and bearer, the former being restricted to Swiss nationals and the latter being mainly for foreigners who want to conceal their identity. While both types of shares have voting rights, the registered shares usually have a much lower nominal – face – value and thus much greater voting power.

A series of companies have followed Nestlé's lead in opening their share registers to foreigners. These include Ciba-Geigy, Sandoz and Brown-Boveri, the engineering group. This has left many Swiss companies vulnerable to takeover bids, at least in principle, partly because their share prices are still relatively low by international standards and partly because Switzerland has no effective takeover code.

Many companies have insulated themselves from takeover threats by taking advantage of a Swiss law which enables them to limit the proportion of a company's shares a single investor may own.

But even this protection is no longer secure. Last May, an alliance of foreign and Swiss pension funds forced the board of Holzstoff Holding, a paper making group, to withdraw a motion that would have limited the voting rights of any individual shareholder.

The opening up of Swiss banks to foreign investors is complicated by a law saying that in order to qualify as Swiss, a bank must be able to show that a majority of its shares are held by Swiss nationals. Thus, the big banks are unlikely to liberalise their capital structures completely for the foreseeable future.

Swiss companies also face constraints in splitting their shares. At the moment, the shares of most companies have a nominal value of SFr100, the minimum allowed by law. But as of July 1, a revision in the companies act will enable companies to lower the par value of their shares to SFr10.

Despite the difficulties, most analysts are convinced there will be no turning back to the secretive and parochial old ways. "In two or three years, Swiss companies will be in the first division among European companies in terms of transparency," predicts Mr Thierry Lacraz of Geneva bankers Pictet & Co.

That does not mean that Swiss executives are all enthusiastic about the changes they are making. Many are tormented by the question of whether or not these changes will contribute to a gradual undermining of the basic culture that has driven the large Swiss industrial companies and banks up to now.

But they also know that to compete successfully in world markets it is no longer enough to be Swiss.

BOOK REVIEW

The taxing issue of the sovereign's sovereigns

THE MONARCHY
Central Office of Information
HMSO £5

ROYAL FORTUNE: TAX, MONEY AND THE MONARCHY
By Phillip Hall
Bloomsbury £18.99

ELIZABETH R
By Antony Jay
BBC Books £14.95

Britain's monarchy has been around since the ninth century. It existed four centuries before parliament, three centuries before the law courts. So whoever is on the throne should be used to outbreaks of royal unpopularity. It comes with the job.

Nevertheless, Queen Elizabeth II, who celebrates 40 years on the throne today, is bound to be conscious that her subjects have become increasingly vexed of late about the issue of her tax-exempt status. In terms of popular debate, the question of the Queen's exemption generates far more heat than equally serious ones such as her support for the honours system, or her role as Supreme Governor of the Church of England. Three new books take up the issue.

The Monarchy, the Central Office of Information's official handbook on British royalty, states the position simply: "As part of the royal prerogative, the Queen does not pay tax on either her private wealth and income or her Civil List payments, unless parliament decides otherwise."

This begs for explanation, particularly since opinion polls show that three-quarters of the public feel that the Queen should pay tax. Phillip Hall, a sociology lecturer at a west London college of further education, does his best to elaborate in Royal Fortune: Tax, Money and the Monarchy.

A big portion of his book "reveals the long and hitherto hidden history of royal tax-paying and the devious and secretive ways by which it was brought to an end". Of the seven changes in royal tax status since 1910 only two were made public at the time and one of the crucial files explaining changes in the king's tax status in the late 1930s was destroyed in 1977.

The thesis is that throughout the 20th century, while more and more people have been caught in the tax net, British monarchs have lobbied successfully to escape taxation and to accumulate wealth. The Swedish king pays tax on his private income, as does the Japanese emperor. Italy ended the Vatican's tax exemption on its investment income in 1968. According to Hall, the Queen is Britain's richest person – so why shouldn't she pay her share? Equity demands that she should, according to Hall.

Partiality harms his case. Despite a heroic trawl through

The Queen: exempt

the archives, Hall's arguments are weakened by his own bias against the monarchy.

When The Economist – which has no obvious anti-monarchical bias – decided to look into the subject of the Queen's finances, it was taken to task for suggesting that the Queen's fortune is probably less than £50m, rather than more than £7bn, as is sometimes suggested. The journalist Paul Foot dismissed the estimate as "crude establishment disinformation printed in an establishment newspaper to protect the Queen from [Hall's] critical book".

It is tempting to blame outbreaks of royal unpopularity on ill-informed and ill-disposed members of the media. But, as Antony Jay, author of the television series Yes Minister, says in Elizabeth R, the press is rather like the old London mob. "They may have got hold of the wrong information and ideas, their demands may be impossible to put into practice and their methods may be questionable, but the feelings ... are a reality and it is dangerous to ignore them."

The Queen's tax-free life is an example. "There is something about royal tax exemption that stirs primitive emotions in the British taxpayer's breast: a feeling of 'I pay, so why shouldn't she?', which cannot be refuted by rational argument," says Jay.

The Queen is not the only public figure with special tax privileges, but she is the only one who does not pay any income tax or death duties. Clearly, the tax-free status of her personal fortune is a big perk. But since its size and rate of growth are unknown, it is impossible to judge the scale of the privilege.

Jay differs from Hall in his view that the Queen's personal wealth is not in the same league as the Duke of Westminster's or even the Sainsbury family's.

One way of defusing the controversy would be to release a semi-official estimate of the Queen's personal wealth. However, putting a figure on the fortune is complicated by the fact that there is no clear distinction between what belongs to the state and what is the monarch's own.

Another possibility would be for the Queen to follow the Prince of Wales's example and pay 25 per cent of income in lieu of tax. But this opens the issue of whether it would be dignified for the Queen to take steps to minimise even her voluntary payment. She can hardly go offshore.

And if she starts paying taxes, will she be allowed to vote? In law, the Queen as a private person can do no wrong. She is immune from civil or criminal proceedings and cannot be sued. So what happens if there is a dispute with the tax authorities? Walter Bagehot might turn in his grave, but perhaps it is time for a Select Committee to look into the whole matter.

William Hall

LETTERS

Car costs all in the head

From Mr Robert H Foster.

Sir, The relative costs of road and rail transport have been discussed at length in letters recently. May I add my own observations?

It costs me £32 in petrol, or about £44 in marginal costs, to drive to London and back (460 miles) in a BMW 525i. Yet when my younger child soon reaches the age of five, it will cost £390 if we travel first class by rail, ie in comfort commensurate with the car, or £590 if we were to take one of the children's grandparents with us.

Costs arising from depreciation, insurance and road tax are barely relevant, unless the alternative consideration is to have no car at all, as they are incurred in any event.

In any case, most people mentally write off the cost of car purchase on the day of purchase, and not against each mile travelled.

Robert H Foster,
Winterburn Grange,
Near Skipton,
North Yorkshire, BD23 3QR

Some monster, some teeth

From Mr David Woods.

Sir, Re "GATTZILLA the trade monster" (Nancy Dunne on GATT and the environmentalists, January 30).

My goodness: remember the old days when everybody said the GATT had no teeth!

David Woods,
director of information,
General Agreement on Tariffs and Trade,
Centre William Rappard,
Rue de Lausanne 154,
CH-1211 Geneva 21

Eurotunnel affirms view of its finance needs

From Sir Alastair Morton.

Sir, May I adjust three impressions conveyed by Lex in its item headlined, "The Eurotunnel paperchase" (February 5).

First, Eurotunnel did not confirm that there is a plan to issue shares to the TML contractors. Eurotunnel issued a press release on Tuesday afternoon, saying: "The stories in the press are purely speculative."

Second, Lex says it is "most unlikely" that Eurotunnel's financial resources will be adequate to bring the Channel tunnel to opening next year. In fact, Eurotunnel's directors have informed shareholders that, provided project progress continues to be acceptable to our bankers, the £8.9bn available to us will be substantially more than project costs and interest payable by opening.

Third, Lex asks if our contractors will "surrender their right" to money settlement of their claims. Eurotunnel has a contract with TML: only claims justified under that contract have the *right* to be paid. TML has not justified anywhere near the level of claims put about in the press.

Alastair Morton,
chief executive,
Eurotunnel,
111 Buckingham Palace Road,
London SW1W 0ST

No advice given on landing slots

From Mr David Starkie.

Sir, Your story, "Commission opposes move to trade airport landing slots" (January 28), incorrectly stated that we advised the Commission that airlines should be allowed to buy and sell the rights to land at European airports. We were asked to report only on practices at US airports; recommendations for European airports were not part of our brief.

It has to be borne in mind that there exists in Europe a well-developed and administratively efficient system of allocating landing slots by scheduling committees. In contrast the equivalent system was not working well when the buy-sell scheme was introduced in the US in the mid-1980s.

A formal system of trading slots in Europe would require clarification of the right of airlines to buy and sell slots. Evidence reported recently by the House of Commons transport committee suggests that airlines do not have such rights. Of course, slots as saleable commodities are potentially valuable. A possible way forward might be for the authorities to sanction the trading of some slots, thus establishing their book value to the airlines, in return for the release of others for the re-allocation to those wishing to start new services.

David Starkie,
senior adviser,
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Berkeley Square,
London W1X 5DH

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Pollution could result from radio-link telephones

From Mr Robert Latin.

Sir, In your story "Radio-link residential telephone service licensed" (January 30) it was envisaged that "one million homes could have telephone aerials on their roofs by early next century". I have little wish to be a killjoy, but shouldn't the government investigate how much electromagnetic energy should be allowed to be carried in our environment?

There must be a limit to the amount of electromagnetic energy we can pump out before human beings become seriously affected; we cannot be totally immune from such influences. Do we have to wait until the first effects become apparent, as we did with sea, river, land and air pollution?

Several years ago as a chief research engineer, I was asked by the Cabinet Office what I considered to be the most worrying problem for the 1990s and beyond. I had no hesitation in responding: electromagnetic pollution. Time has moved on, and we continue to treat our environment as an infinite absorbing container for electromagnetic emissions. Energy cannot be created or destroyed; so where is all this electromagnetic energy ending up and how much is being absorbed by us?

Do we have to repeat past mistakes and incur costly penalties in first waiting for some unacceptable manifestations to occur?

Robert Latin,
4 Spinney Way,
St Ives,
Cambridgeshire

An argument for the environmental balance favouring diesel

from J L Gormezano.

Sir, I refer to David Parker's letter ("Diesel not least polluting", January 28) and to John Griffiths's article ("Technology: diesel cleans up its act", January 21). Sadly, the use of hydrocarbons fuels results in unwanted exhaust and evaporative VOC (hydrocarbon Volatile Organic Compound) emissions. Some emissions are more harmful than others, particularly benzene, a human carcinogen, present in some HC emissions. Actions to reduce one type of emission sometimes result in increasing others. The design of a "clean" engine is therefore a process of optimisation.

Engine environmental performance depends on the way we define "the environment". The current definition consisting of HC, CO, NOx and PM (particulate matter) is being enlarged to include CO_2 and evaporative VOCs. So the optimisation point is shifting.

With the notable exception of PM, the environmental performance of unregulated diesels is far better than that of unregulated petrol engines. Current 3-way catalysts, which do not work with diesel engines, reduce petrol engine NOx emissions significantly below those of diesels, but their HC, CO, CO_2 and evaporative VOC emissions still remain considerably higher than those of diesel engines.

Diesel engine performance will be further improved with the use of oxidation catalysts and improved fuel injection systems. As far as CO_2 emissions are concerned the effect of the slightly higher carbon content of diesel fuel, less than 2 per cent, is more than offset by the diesel's better fuel economy, conservatively 10-15 per cent or more.

In the absence of a totally clean engine, the environmental balance favours the diesel.

J L Gormezano,
managing partner,
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FINANCIAL TIMES
Thursday February 6 1992

Mitterrand defends his stance but agrees to debate on opposition motion

French Socialists face censure over Habash

By Ian Davidson in Paris

FRANCE'S conservative opposition parties will attempt to bring down the government by introducing a censure motion after tomorrow's one-day parliamentary session.

The motion condemns the handling of a political crisis provoked by the brief hospitalisation in Paris last week of Palestinian leader George Habash.

The opposition motion is unlikely to produce the absolute majority required to bring down the government but the debates will give the opposition a platform from which to attack the government's performance.

President François Mitterrand has called the special session hoping it will finally put to rest the crisis over the Habash affair, in which the government has been battered by indignant protests from the opposition parties and leading members of its own Socialist party.

In a hurriedly scheduled television interview on Tuesday evening, Mr Mitterrand did his best to play down the significance of the Habash incident. "The affair is not serious", he said. "There was an error of judgment which I punished. I dealt with the problem in 48 hours, and there is no longer a Habash affair."

However, the terms of tomorrow's parliamentary session show that the president feels the need to play safe. The government is not expected to introduce its own vote of confidence, because it is not sure it can rely on the backing of its normal supporters.

Instead, it is leaving the opposition to introduce a censure motion because it believes it can rely on Socialists and the Communists for support.

Mr Mitterrand indicated clearly he would not give in to the demands of critics, who have called for the resignation of Mr Roland Dumas, the foreign minister, or Mr Philippe Marchand, the interior minister. "People are calling for heads," he said, "but I shall concede nothing."

The president also indicated there would be no government reshuffle. "Even if I wanted to do that", he said, "I should not do it now."

Interest rates could be cut again, says White House

By Michael Prowse in Washington

THE US Federal Reserve should be prepared to ease monetary policy further if the economic recovery expected this spring fails to materialise, Mr Michael Boskin, the White House chief economic adviser, indicated in a briefing yesterday.

Releasing the 1992 economic report of the president, he said monetary policy had to be "forward looking".

Mr Boskin said the Fed had been surprised by the sluggishness of monetary aggregates in the face of repeated cuts in interest rates.

In congressional testimony on Tuesday, Mr Alan Greenspan, the Fed chairman, said he would not rule out further interest rate cuts if the economy failed to improve, but he hoped the existing stimulus would be sufficient.

The Fed met this week to discuss monetary targets for 1992. Some private sector economists, including Mr Martin Feldstein, a Harvard professor and economic adviser in the Reagan White House, have urged the Fed to raise its monetary target this year in a bid to stimulate the economy. This would probably require further cuts in interest rates.

In his briefing, Mr Boskin acknowledged that the Bush administration had not yet gained control of the budget deficit. There was "still a huge gaping hole in the budget", he said, referring to this year's expected shortfall of $400bn – a record 6.7 per cent of gross domestic product.

He said the best way to reduce the deficit in the medium-term would be to restrain growth of spending on entitlement programmes such as health care for the elderly. This would free resources for private sector investment.

Mr Boskin defended the administration's claim that the budget would raise annual GDP growth 0.4 percentage points in coming years.

He said this reflected "confidence effects" as well as the impact of incentive measures such as the proposed cut in capital gains taxes and temporary investment allowances for companies.

The 1992 economic report also includes an analysis of American labour market trends. This attributes slower growth of productivity in the past two decades mainly to a low rate of capital formation.

Mr Boskin yesterday drew attention to the higher wages of female workers. Women's earnings had "steadily improved, absolutely and relative to men's", he said.

College-educated workers had also gained relative to those with only a high school education, indicating the need to improve overall educational standards.

Douglas Hurd: unleashing a lion on Europe

Brittan to reopen Rover case

By Andrew Hill in Brussels

SIR Leon Brittan, the EC's competition commissioner, plans to reopen the case against the UK government over "sweeteners" paid to British Aerospace when it bought Rover, the UK car manufacturer, in 1988.

On Tuesday, the European Commission suffered a legal setback when the European Court of Justice threw out on procedural grounds Brussels' order forcing repayment of £44.4m ($80.4m). BAe and Rover had appealed against the Commission's decision.

But Sir Leon said yesterday he had considered the ruling and had decided not to let the UK government off the hook. He said: "It is clear that the judgment relates wholly to procedural matters and does not touch the merits of the actual decision. I shall therefore be recommending the Commission to reopen the case by commencing formal proceedings."

Sir Leon could start a full state aid investigation, if his fellow commissioners agree. Should the Commission conclude that the subsidy to BAe was illegal, it could again try to force repayment. Alternatively, the Commission could complain to the court that Britain did not respect Brussels' conditions for the sale.

The government deferred payment of the £150m initial purchase price beyond the original August 1988 deadline agreed with Brussels. Most of the £44.4m relates to interest benefits BAe may have received due to the deferral.

Tuesday's ruling said the Commission should have come direct to the Court in 1990 or opened a new state aid investigation. Instead, the Commission's sweeteners inquiry was based on the earlier 1988 decision on the BAe-Rover deal, under which the UK government had to cut its subsidy to BAe from £800m to £469m.

Brussels yesterday extended Sir Leon Brittan's mandate to control EC merger policy until the end of the year, ending any possibility of a challenge by other commissioners who wanted more influence over merger decisions.

Sir Leon will continue to handle internal decisions on EC merger inquiries jointly with Mr Jacques Delors, the Commission president. Sir Leon – whose mandate comes up for review annually – accepted an increased obligation to keep his fellow commissioners informed about the progress of investigations.

Lively lion roars into place at the heart of Europe

Robert Mauthner previews Britain's EC presidency

THE UK yesterday put a lion among the European pigeons when it unveiled the logo marking British presidency of the European Community, due to start on July 1.

The logo, a lion striding across the EC's flag of a circle of yellow stars on a blue field, appears to give a somewhat ambiguous picture of the British government's European policy.

For Mr Douglas Hurd, foreign secretary, who conducted the ceremonial unveiling, it shows "a lion at the heart of Europe, an energetic, lively and intelligent lion. It shows our forthright approach to Europe and maintains British pride and British identity".

For others, conscious of Britain's deep reservations about a supranational European monetary and political union, the logo was more evocative of the UK driving a lion and cart through the EC's most ambitious projects.

That impression may have been the result of an intervention by Mr John Major, the prime minister. He complained that the original version of the beast, designed and developed by the Anglo-Italian company Minale Tattersfield at the modest cost of £15,000, presented too docile a picture of Britain.

Some surprise was also expressed at the press launch at the timing of the British initiative, barely a month after Portugal had taken over the EC presidency for a six-month stint. In the face of Mr Hurd's denials, it was also suggested there might be a link between this unusually early start of the European campaign and the desire to make an impact on voters before the forthcoming UK general election.

Mr Hurd said there were two top priorities for the British presidency during the second half of the year.

The first was the completion of the single European market, "in which the free movement of goods and services promotes jobs and prosperity and brings benefits to individual consumers and businesses".

The UK would concentrate in particular on the liberalisation of financial services and transport and the creation of a real internal market in energy.

The second main priority was the enlargement of the Community, starting with the European Free Trade Association applicants. The aim was for accession negotiations to start at the end of this year or the beginning of 1993, so that new members could enter the Community quickly.

Bank 'was powerless' over BCCI

By David Barchard in London

THE BANK of England was powerless to intervene in the affairs of the Bank of Credit and Commerce International – before closing it down last year – because "widespread pervasive fraud over a long period was not the impression we had been gathering", Mr Brian Quinn, the Bank's director in charge of banking supervision, said yesterday.

In answer to questions from a House of Commons committee, Mr Quinn said that, between 1983 and 1991, the Bank of England had been striving to get a proper international supervisory structure in place. "As soon as we got evidence of fraud, we acted," he said.

When Mr Brian Sedgemore, a Labour MP on the Treasury and Civil Service committee, asked what action the Bank authorities had taken after he named BCCI as a possibly fraudulent operation in speeches in the Commons in 1985 and afterwards, Mr Quinn said allegations against banks were not uncommon. "We don't simply look at them, smile, and pass on."

When he remarked there were clear procedures in the Bank of England for investigating allegations such as those contained in Mr Sedgemore's speeches, the MP replied: "You didn't check with me, so there seems to have been no check at all."

Mr Sedgemore also pressed Mr Quinn on the role of ICIC, a foundation closely linked with BCCI, whose accounts were qualified by its auditors in October 1989 because the value of its shareholding in BCCI could not be known.

Mr Roger Barnes, assistant director and head of banking supervision at the Bank of England, said he had not been aware that ICIC was part of the group. Mr Sedgemore had raised very complex matters which he would like notice to answer.

Asked why the Bank, unlike the US authorities, had not blocked BCCI's entry into the UK in 1972, Mr Quinn said no legal powers had then existed which would have enabled it to do so. In 1973 it tried to slow down the growth of BCCI's branch network in the UK because the speed with which the bank was setting up branches raised questions about how closely it was controlling its operations.

Price Waterhouse details its role, Page 6

Bonn presses Euro force plan

Continued from Page 1

EC treaty on political union.

The question now is which members of the WEU will attend the seminar, in the light of Gen Naumann's emphasis that they should be "seriously interested" in the European corps idea. Officials in London suggested that some sceptical states might send "quite low-level people to take notes".

Gen Naumann said: "I used the words deliberately because it was in the back of my mind that even among club members *in Britain, there are always* a few who would happily be members, but who don't want to pay their entrance fee."

The recent meeting of the chiefs of staff discussed three issues arising directly out of the Maastricht summit:

- How and when the chiefs should meet, and what they could contribute to the WEU process.
- How the proposed planning staff at the WEU should be constituted.
- What the European leaders *actually* meant by "forces answerable to the WEU".

Gen Naumann said all participants agreed that any moves to build up a "European defence identity" must be "complementary to and compatible with Nato's efforts".

However, it is precisely that question of what would be complementary to Nato, and what would merely duplicate Nato efforts that still divides the WEU in its efforts to forge a military identity.

German jobs warning

Continued from Page 1

out of work. Almost 520,000 are still working short-time, a euphemism for paid unemployment in many industries.

Also, Mr Franke pointed out, there are 1.9m more people who would be registered as unemployed if it were not for subsidised work creation schemes and training courses. A further 350,000 easterners commute daily or weekly to jobs in the west.

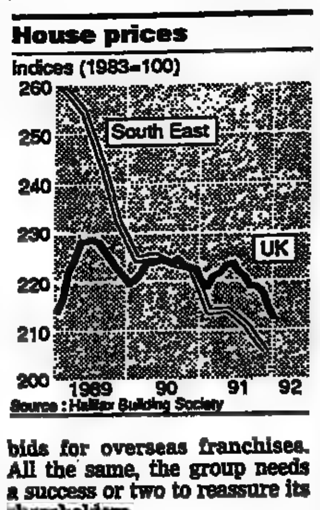
Mr Alexander Koch, head of personnel at the Treuhand privatisation agency, said the "worst was over" in job losses among the more than 5,000 east German companies still owned by the agency.

Job creation and retraining programmes had helped ease the impact of structural changes in the companies, he said. Some companies in growth sectors such as construction, retail trade, energy, banks, insurance and other services were slowly beginning to hire new personnel.

THE LEX COLUMN

House prices and the polls

FT-SE Index: 2,547.1 (–9.7)



The thesis of a new year revival in the UK housing market is already wearing thin. Yesterday's news that the Halifax building society's house price index registered a further 1.2 per cent fall in January – after dropping 1.3 per cent in December – is alarming enough. What may be of more concern to the government is *the developing trend year on* year. Even assuming no further softening of prices in the next couple of months, the annual rate of decline could be as much as 5-6 per cent by the time of a spring election.

Any recovery based on the level of inquiries rather than firm orders deserves to be treated with suspicion. Recent reports of bustle in the showrooms also belong in the context of last year's Gulf war, the suspension of stamp duty until August and the surprise half-point cut in the mortgage rate. If a more lively market cannot be created in these conditions it is hard to see how one will be, short of further price cuts by the builders themselves.

Interestingly enough, the contracting sector – which underperformed the market in January for the fourth successive month – has largely ignored the hype. A handful of quality second-liners like Persimmon and Wilson Bowden have seen some demand, but investors looking to buy building-related cyclicals have mostly focused their attention on building materials. For the moment, there seems little reason to reverse this stance. The over-riding requirement for the housebuilders is to write down their landbanks to a level where they can again start making pre-tax profits. As 1991 came to a close, the sort of provisions being bandied about the market were already fairly bleak. Another month of weakening house prices and they will be even bleaker.

Vodafone

Vodafone has bought itself a larger share of the portable telephone markets in Sweden and Denmark. But the £21m price tag on its participation is at odds with the fact that not so long ago, cellular licences were being given away. Vodafone's strategy of building a European network is proving less simple and much more expensive than expected, not least because management has discovered how easy it is to trip over unpredictable political barriers. In the medium term, the cash flow from the UK business is easily robust enough to support competitive bids for overseas franchises. All the same, the group needs a success or two to reassure its shareholders.

Indeed, the story since the demerger from Racal last year has become one of frustration for investors. The group was too quick in November to hint at an end to the recession. When evidence of better trading failed to materialise, the market took note. Vodafone's shares have underperformed by 8 per cent over the last three months.

Despite the improvement in January's business figures, the shares now face an uneven two-way pull. On one side is the prospect of UK economic recovery later this year. On the other is next year's arrival of competition from the PCN companies which promise a much cheaper telecoms service. Vodafone will presumably have to come up with price cuts to persuade its existing customers not to jump ship. There is also much to be said for launching a marketing campaign before the rival is actually available. Logic says that Vodafone cannot hang on to its near-60 per cent return on capital while it is thus defending its market share.

Equities

At its close yesterday, the FT-SE had fallen 24 points since the start of the week. In the same period Wall Street had risen 60 points. Such divergence is unsurprising when the UK market has an eye on the German economy. It could also be quickly corrected. Nevertheless, it is a reminder of the increasingly fallible nature of the London-Wall Street connection. It is commonplace among London brokers to argue that Wall Street looks expensive and London correspondingly cheap. But the same argument was being advanced 5 months ago. Since then, London has underperformed Wall Street by 12 per cent.

One of the arguments for London's cheapness rests on its dividend yield. But even before the London market's traditional link with the US was severed by the UK joining the ERM, such comparisons were suspect. Ten years ago, the UK market yielded less than Wall Street. Its yield has risen fairly steadily in relative terms ever since, so that it now stands at 4.9 per cent compared with Wall Street's 2.9 per cent.

Nor have high yields been a guarantee of performance within the London market itself. Figures from County NatWest show the London market's two worst sectors in the year to end-January as construction and property, with annual returns including dividends of minus 17 per cent and minus 14 per cent respectively. By this time last month the yield on construction shares had risen to 9 per cent and on property shares to 7 per cent. Even in terms of total return, both have underperformed since. Logically, all this reinforces the argument that if the ERM does its job the UK market is going to be a screaming buy. It still seems a little early for UK investors to bet on it.

Car dealers

The market's verdict on the Monopolies and Mergers Commission report on the motor trade was that while it could have been a lot worse, there is no great rush to buy the sector. Car dealers may have escaped a radical shake-up of the sort inflicted on the brewing industry. But there is no escaping the recession, hence the modest reaction in the distributors' shares. Inchcape was an exception, but that is probably accounted for as much by its recent acquisition of Toxer Kemsley & Millbourn as by the proposed relaxation of import restrictions on Japanese cars. Its Toyota franchise means it should benefit more than most, if only because it can concentrate on importing the most lucrative models while Toyota will produce its cheaper cars in the UK.

More generally, the prospect of multiple-franchise dealerships remains sufficiently distant for there to be little reason to mark up share prices now. In the medium term, the dealers are as vulnerable as ever to manufacturers' tendency to grab back franchises once they become seriously profitable.

WORLDWIDE WEATHER

UK today: Most regions will have a good deal of cloud and it will be mainly mild and dry. Western facing coasts and hills may experience some drizzle. The far north of Scotland will have a cloudy and windy day with some light rain and drizzle. **Outlook:** Rain spreading south but still dry over southern England.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Bordeaux	C	10	50	Dallas †	C	4	39	Innsbruck	Sl	1	34
Algiers	S	16	61	Boulogne	C	8	46	Dublin	C	10	50	Inverness	C	11	52
Amsterdam	C	8	46	Bristol	F	10	50	Dubrovnik		–	–	Isle of Man	C	9	48
Athens	F	11	52	Brussels	C	7	45	Edinburgh	C	10	50	Istanbul	S	6	43
Bahrain	S	18	64	Budapest	F	3	37	Faro	S	18	64	Jersey	F	9	48
Barcelona	S	13	55	Buenos Aires		–	–	Florence	S	12	54	Johannesburg	S	27	81
Belfast	C	9	48	Cairo	S	15	59	Frankfurt	Dr	5	41	Las Palmas	S	18	64
Belgrade	C	5	41	Cape Town	F	23	73	Geneva	F	7	45	Leeds	S	10	50
Berlin	R	3	37	Cardiff	C	10	50	Gibraltar	S	15	59	Lisbon	S	14	57
Biarritz	C	11	52	Chicago		–	–	Glasgow	C	11	52	Locarno	S	15	59
Birmingham	C	10	50	Cologne	Dr	7	45	Guernsey	C	8	46	London	C	10	50
Blackpool	C	8	46	Copenhagen	S	4	39	Helsinki	Sn	-4	25	Los Angeles †	S	13	55
Bombay	S	31	88	Corfu	S	10	50	Hong Kong	Dr	17	63	Luxembourg	C	7	45

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	19	66	Nairobi	F	30	86	Prague	Sn	1	34	Tel Aviv	F	13	55
Madrid	S	14	57	Naples	S	14	57	Reykjavik	R	3	37	Tenerife	F	18	66
Majorca	S	17	63	Nassau		–	–	Rhodes	F	10	50	Tokyo	C	9	48
Malaga	S	16	61	Newcastle	F	10	50	Rio de Janeiro		–	–	Toronto †	F	-8	18
Malta	S	16	61	New Delhi	S	19	66	Rome	S	13	55	Tunis	C	15	59
Manchester	C	9	48	New York †	F	-1	30	Salzburg	Sl	1	34	Valencia	S	18	64
Melbourne	S	30	86	Nice	S	14	57	S Francisco †	S	6	43	Vancouver †	S	5	41
Mexico City		–	–	Nicosia	R	11	52	Seoul	S	3	37	Venice	S	6	43
Miami †	C	22	72	Oporto	S	18	64	Singapore	F	28	82	Vienna	F	4	39
Milan	Fg	2	36	Oslo	S	-1	30	Stockholm	S	-2	28	Warsaw	H	1	34
Montreal †	S	-14	7	Paris	C	9	48	Strasbourg	C	6	43	Washington †	S	1	34
Moscow	C	-1	30	Peking	S	6	43	Sydney	C	22	72	Wellington	C	18	64
Munich	R	2	36	Perth	S	27	81	Tangier	S	17	63	Zurich	C	5	41

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Vodafone buys stake in Swedish group

Vodafone Group, the UK cellular telephone operator, is investing up to £21.75m ($39.1m) over the next two years for a 25 per cent stake in NordicTel Holdings, the consortium which is one of three Swedish GSM digital cellular licensees. Page 18

Olivetti losses mount

Carlo De Benedetti (left), chairman of Olivetti, the troubled Italian computers and office equipment group, warned yesterday that losses for last year would be much bigger than expected. He forecast the company would break even or make a small profit for this year due to cost savings and an upturn in the world economy. Page 14

EBRD to develop capital markets

State and corporate borrowers in eastern Europe may soon find it easier to raise funds in the international and domestic capital markets. Although Hungary and Czechoslovakia are no strangers to international financial markets, the European Bank for Reconstruction and Development is working on plans to develop eastern European capital markets. Page 17

Aluminium fall-out

A glut of production and a flood of exports from the cash-hungry former Soviet Union forced aluminium prices to historic lows before they staged a rally last month. One casualty of this price collapse has been Venezuela's ambitious plans to treble smelting capacity by the end of the decade. Joe Mann reports. Page 20

Dazzling Bangkok Land debut

Bangkok Land, the Thai property developer, had a dazzling debut on the Bangkok stock market yesterday. Dealings in the shares amounted to 41 per cent of total trading volume and by the close the company, with a market value of more than US$3.6bn, had the largest capitalisation on the exchange. Page 17; Stock market report, Back Page

What everyone needs

Running a chain of discount stores in a recession can be a licence to print money. What Everyone Wants, the UK discount chain where two thirds of its products are priced less than £10 ($18), has focused on low costs, strong buying power and high stock turnover. Jane Fuller looks at one company that is thriving from the recession. Page 19

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko	705	+	25
DLW	479	+	72
Douglas	657	+	24
Gerresheimer	432	+	14
Kaufhof	478	+	12
Springer Axel	520	+	23

NEW YORK ($)

Rises			
Brwng Feris	23½	+	¾
Nat. Semi	9	+	½
Sun Micro	33⅛	+	⅞
Unisys	8	+	⅜
Falls			
Eastman Kodak	46⅞	−	3⅞
Waste Mangmt	45½	−	⅜

PARIS (FFr)

Rises			
BIC	668	+	24
Martin-Gerin	513	+	12
Falls			
Bancaire Cie	505	−	12
Dollfus	277.3	−	17.8
Imm de France	827	−	33
SILIC	555	−	10

TOKYO (Yen)

Rises			
Catena	2980	+	230
Futasuka	1150	+	100
Misawa Resort	1100	+	109
Ricoh Elemex	1870	+	150
Zuken	5530	+	440
Falls			
Daikin Inds	1210	−	110

New York prices at 12.30pm.

LONDON (Pence)

Rises			
ADT	445	+	32
Inchcape	432	+	12
McCarthy Stone	67	+	5
PWS Hldgs	68	+	5
Pendragon	193	+	19
Martin McBean	208	+	16
SmithBeecham A	966	+	18
Falls			
Anglia Sec Hms	17	−	3
Worms Bird	40	−	5
British Land	253	−	14
Elec Pk Uts £	2670	−	50
Elliott (B)	4½	−	2
Hawtal Whiting	38	−	12
Hazlewood Fds	126	−	13
Hewetson	47	−	9
P-E Intl	103	−	7
Tiphook	380	−	20
Wace	118	−	14
Wales City Lon	79	−	6

Court to examine Berlusconi's FFr1.5bn package for bankrupt TV channel

La Cinq rescue plan clears hurdle

By Alice Rawsthorn in Paris

MR Silvio Berlusconi, the controversial Italian media mogul, yesterday cleared the first hurdle in his campaign to take charge of La Cinq, the bankrupt French television channel, when his FFr1.5bn ($270m) rescue plan was refered by La Cinq's judicial administrator to the Paris commercial court.

The Berlusconi package involves injecting FFr1.5bn of new capital into the station, which filed for bankruptcy earlier this year, in two tranches of FFr700m and FFr800m.

Mr Berlusconi, who owns 25 per cent of La Cinq, then intends to cut costs by reducing the workforce from 910 people to 613 in an attempt to make the channel profitable.

Mr Hubert Lafont, La Cinq's administrator, has been studying the Berlusconi bid since Monday. The proposals from two other would-be white knights – Vogue, the French record company, and an unknown person – were rejected as unsuitable.

However, the Berlusconi rescue still faces obstacles. First, the Tribunal de Commerce, the Paris commercial court, will see whether it is financially viable. Second, the Conseil Supérieur de l'Audiovisuel, the body that regulates the French broadcasting system, must decide whether it will enable La Cinq to fulfil its broadcasting remit.

Meanwhile, the Berlusconi camp must press ahead with the financial arrangements for the proposed recapitalisation. A general assembly of La Cinq's shareholders will be held in two weeks to vote on the first FFr700m capital increase with the second FFr800m recapitalisation following two months later.

Mr Berlusconi has said that Fininvest, the company through which he holds his La Cinq stake, is committed to reinvesting in La Cinq. It intends to pump in enough money to maintain its holding at 25 per cent, the maximum allowed in France.

It is not clear whether other shareholders – notably Hachette, the heavily indebted French media group which, like Mr Berlusconi, owns 25 per cent – will reinvest. Crédit Lyonnais, the French bank with 10 per cent of La Cinq, said it would not contribute more money.

Mr Berlusconi said that even if the other shareholders did not reinvest, he has found enough investors willing to implement the rescue package. In the meantime, he will pay the employees' salaries for February.

Alan Friedman on American Express's attempt to raise $1bn by floating FDC

Cash cushion from sale of silverware

American Express is not a bank, but the US travel and financial services giant has been afflicted by some of the same kind of heavy credit losses as many big US banks. The answer at American Express, as at big banks such as Citicorp, is to try to bolster capital.

This week's decision by American Express to try to raise up to $1bn by floating off a chunk of its credit card processing division – one of the group's five main subsidiary operations – does not therefore suggest a strategic shift at the financial services and travel group.

Rather, the fund-raising plan says more about the group's need for a cash cushion at a time of great uncertainty in the US financial services sector.

The equity offer, one of the largest American Express fund raising exercises in years, comes after a difficult 1991 for the core Travel Related Services (TRS) division, which includes the plastic card and travellers cheque businesses. TRS reported a $697m pre-tax increase in its credit loss provisions last year, and a 59 per cent slump in net income to $386m.

More than 50 per cent of TRS's 1991 loss provisions resulted from losses at its troubled Optima credit card division. The Optima losses appeared to result from poor credit risk judgments, and a management reshuffle was instituted last autumn to deal with the problem.

Yesterday, American Express unveiled a relaunch of the Optima card which includes a three-tiered pricing structure that rewards customers with good credit behaviour.

The credit losses at Optima and elsewhere are also a sign of the US recession. This is why the comparison of American Express with banks is not at all far-fetched – American Express is a financial services group that in 1991 had worldwide charge card volume of $111bn and $23bn of travellers cheque sales.

First Data Corporation*

Year	Revenues ($m)	Net income ($m)
1989	660	83
1990	827	103
1991	994**	118

* Formerly known as Information Services Corporation (ISC)
** Most of the increase in 1991 revenues came from a five-and-a-half month contribution from Signet, the UK card processor acquired in July 1991.

Source: American Express

A fundamental difference is that banks are forced by US capital adequacy rules to maintain certain capital ratios whereas for American Express the external discipline comes from the market. The judgment of credit rating agencies such as Moody's and Standard & Poor's may therefore have a greater effect on the group's need to maintain capital strength in order to raise funds on the market.

Both of these credit rating agencies downgraded American Express long-term debt last year, with S&P nudging its rating down from AA to AA- last July and Moody's reducing its rating from Aa2 to A1 in November. The latter move followed the news of credit losses at Optima.

While several Wall Street analysts believe TRS earnings will recover in line with the US economy, most doubt that TRS will achieve the kind of rapid growth it experienced in the 1980s.

Mr John Keefe of Lipper Analytical Services said the new equity offer plan is one way for American Express "to strengthen their equity to show they continue to be a strong company and to improve their credit rating so they can borrow more to fund card operations".

But Mr Keefe notes that in selling up to 45 per cent of the card processing division, American Express "is raising money by selling some of its family silverware".

The silverware in question is a division until now called Information Services Corporation (ISC) but its name is being changed for the public share offer to First Data Corporation to reflect the largest part of ISC, the First Data Resources card processing unit.

First Data Resources, which is the largest third-party card processor in the US and in the UK, accounted for about half of ISC's 1991 net profit of $118m and revenues of $995m. The company was enlarged last summer with the £146m purchase of the Basildon-based Signet card processor in the UK, which helped boost 1991 revenues by 20 per cent. The card processing business accounts for some 7,000 of ISC's 17,000 employees.

American Express

Revenues	1990 $bn	1991 $bn
Travel Related Services	9.79	9.91
IDS Financial Services	2.20	2.55
Information Services Corporation	0.83	0.99
American Express Bank	1.81	1.50
Shearson Lehman Brothers	10.18	11.18
Total	24.72	25.13

Net income (loss)	1990 $m	1991 $m
Travel Related Services	955.7	386.2
IDS Financial Services	207.4	247.9
Information Services Corporation	102.7	128.0
American Express Bank	114.2	60.9
Shearson Lehman Brothers	(989.2)	159.3
Total*	181.5	788.7

* After corporate expenses and equity investment

Although calculations of the value of floating up to 45 per cent of ISC on the stock market – which suggests a total market capitalisation of $1.8bn to $2bn – are based on earnings multiples related to the card processing business, ISC is more than just card processing.

The company also includes a money order and payment systems operation, information management systems for US hospitals, telephone operator services and telemarketing, billing services for cable television companies and inter-active phone systems that are part of a joint venture with American Telephone & Telegraph.

American Express declines to provide a breakdown of the profitability of these businesses, but says all were in the black last year.

American Express first bought the company now known as ISC in 1980, when it paid $50m to acquire First Data Resources which had $54m of revenues that year. The company was then developed by a string of small and medium-sized acquisitions.

Between 1983 and 1985 some of First Data's shares were shuttled on and off the stock market by American Express. In 1983, $60m was raised by the flotation of 25 per cent of First Data; two years later American Express bought back the shares for $250m.

By 1989, the operations of First Data, then a part of the TRS division, were reshuffled inside the group and it became a free-standing division known as ISC. Since 1989 the division has lifted earnings steadily.

While analysts say there may be some logic in bringing back outside shareholders, the consensus is that the upcoming share offer is simply a cash-raising tool. Mr Jim Robinson, American Express chairman, expressed as much when he said the funds would come "at a time when a strong capital base is especially important for financial services companies".

An aide to Mr Robinson summed up the fundraising exercise in terms that any US banker or corporate executive can appreciate: "Cash is king."

Optima relaunch, Page 15

Philips to buy 25% of Whittle

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group which is steadily expanding into the software side of the consumer electronics industry, is paying $175m for 25 per cent of Whittle Communications, the US media company.

Philips will acquire its shares mainly from Time Warner, the US media group whose holding will fall from 50 per cent to 37 per cent, and from Associated Newspapers of the UK, whose stake will fall from 33 per cent to 24.6 per cent.

The Dutch company plans to increase its holding to 33 per cent by the end of 1994, with the additional price to be determined by Whittle's financial performance.

Mr Chris Whittle, the US company's founder and chairman, will reduce his holding from 11 per cent to 8.5 per cent, while the combined shareholding of senior management will decline to 4.9 per cent from 6 per cent.

For Philips, which launched its new "interactive" compact disc player, CD-I, in the US in late 1991, the deal marks a further step in its quest to wed its electronics hardware with software such as music, videos, consumer information and educational programming.

Over the past year, for example, Philips has steadily been building up a network of investments in video-rental chains in continental Europe, the US and the UK.

Whittle, which is based in Tennessee and has annual sales of about $210m, produces a daily news programme called "Channel One" that is already screened in 9,000 US high schools. The 12-minute broadcasts include two minutes of advertisements.

It also makes and sells magazines and videos for doctors' waiting rooms and hospitals.

Philips said it would work with Whittle on evaluating the feasibility of setting up a network of new schools in the US.

"The involvement in Whittle will bring substantial new impetus for the development and application of consumer-oriented electronic technology," Mr Jan Timmer, the president of Philips, said.

● DURACELL, the US battery maker, is forming an alliance with Toshiba Battery of Japan and Varta Battarie of Germany to develop nickel metal hydride (Ni-MH) rechargeable batteries.

All three have individually invested in researching Ni-MH battery technology and will now co-ordinate their development activities.

Bad loan provisions push KOP into FM1.64bn loss

By Robert Taylor in Helsinki

BAD LOAN provisions pushed Kansallis-Osake-Pankki (KOP), Finland's largest commercial bank, into the red last year and forced the bank to pass its dividend.

KOP made a loss after financial items of FM1.64bn ($372.7m), against a 1990 profit of FM1.09bn. Mr Pertti Voutilainen, KOP's new chief executive, said loan write-offs jumped by 144 per cent to FM1.343bn.

Mr Voutilainen, who took over the day-to-day running of the bank last month, denied the bank was in a crisis but admitted it would "be difficult to return to profits this year".

He said the bank was likely to suffer comparably large loan write-offs this year but added that KOP was "a strong institution" and that "its foundations would not be shaken by losses incurred in one or even two years. These can be absorbed by reserves accumulated in the past," he said.

Mr Voutilainen said the setback stemmed from a number of mistaken decisions taken by KOP in recent years and were not just due to the severe recession hitting Finland.

KOP's mistakes led to a FM370m loss due to the so-called Kouri affair, a series of complex share deals carried out under the bank's authorisation by Mr Pentti Kouri, a New York-based Finnish financier. A further loss of FM122m was incurred from exposure to Wallace Smith, the failed London merchant bank.

KOP suffered FM489m of credit losses to small and medium-sized Finnish companies and a further FM65m was written off from household lending.

KOP said its portfolio of non-performing loans (on which interest had not been paid to the bank for at least three months) stood at FM5.1bn at the end of last year. Its exposure to companies and banks in Russia amounted to FM1.1bn, with FM12m as a specific provision set against those debts.

KOP's troubles were compounded by a FM522m drop in the bank's net interest income, mainly due to a change in the practice of reporting interest income on non-performing loans. The bank suffered a FM250m foreign exchange trading loss and FM386m in depreciation charges.

The bank said negative publicity last year had an adverse impact on the bank's public image and undermined its position in competition for deposits. As a result, it suffered a 4.8 per cent fall in its market share of time deposits.

Building confidence, Page 26

ICI to sell salt mine to US group

By Paul Abrahams in London

ICI yesterday announced the sale of Britain's only salt mine to an investor group led by US-based D. George Harris & Associates.

The mine, at Winsford in Cheshire, dates back to 1844. The US company is also buying ICI's salt plant at Weston Point, Cheshire.

The operations are to be named the Salt Union after a 19th century company at the same site.

The new owners will be trying to avoid the fate of the first Salt Union, founded in 1888 after about 60 salt companies merged.

Its main ambition was to create a salt cartel. However, the Salt Union failed to rig the market or make the business pay. The union paid only one ordinary dividend, in 1896, and after 1898 made an unfortunate habit of passing the preference dividend. The company was acquired by ICI in 1937.

When told about the lamentable and chequered history of the Salt Union, Mr William Sichko, vice-president of human resources of the US operations of D. George Harris & Associates, admitted ignorance.

"We'll certainly be aiming to improve on their results," he said. "We picked the name, not the legacy."

Mr Sichko acknowledged the new company would be the largest salt business in the UK, but added there was no intention of emulating the cartel. The acquisition, which the groups hope to complete by the spring, is not subject to regulatory approval.

The modern businesses, unlike their predecessor, are profitable, according to ICI which will be salting away £40m from the sale. The operations have an average annual turnover of £45m, though sales are highly dependent upon the weather in winter when local authorities use salt to clear roads of ice and snow.

ICI said the salt businesses, which employ about 200 people, fall outside the group's long-term strategy of developing operations in which it has strong global positions.

● ICI is acquiring Dow Chemical's brake fluid business in Europe, Africa and the Middle East for an unspecified sum. Dow is buying ICI's coolant businesses in the same geographical areas.

Dow plans an agreement with a division of Ellis & Everard, the chemicals distribution company, to distribute its newly acquired coolant products.

Olivetti warns of losses far higher than expected

By Haig Simonian in Milan

MR Carlo De Benedetti, chairman and controlling shareholder of Olivetti, the troubled Italian computers and office equipment group, warned yesterday that losses for last year would be much bigger than expected.

Speaking at the World Economic Forum in Davos, Switzerland, he forecast a loss of around L380bn ($317m) in 1991. That is almost double analysts' previous estimates and reflects the crisis in the world computer industry.

Mr Benedetti said losses last year would amount to around 4.4 per cent of sales. Last year, Olivetti's turnover slipped by about 5 per cent to L8,600bn. A formal 1991 earnings statement is not expected until late April.

He predicted the company could break even or make a small profit for this year thanks to cost-savings and an upturn in the world economy. Olivetti has already announced a big restructuring programme aimed at saving around L400bn a year.

Mr De Benedetti's remarks came just as Olivetti executives *met union leaders and* government ministers in Rome to discuss the group's latest cost-cutting drive to lay off 2,500 workers in Italy this year and close two plants. The proposals have triggered a series of strikes and received a cool response from the government, which would partly finance 2,200 of the redundancies.

However, with a general election looming, chances of greater co-operation with the public sector may have increased. Last week's accord between Bull and IBM in France and recent overtures by senior Italian IBM executives towards Olivetti have led to a new focus on the idea, originally raised by Mr De Benedetti, of closer co-operation with the state.

Olivetti's public position has been to seek state help in the *form of more public sector* orders and greater assistance with research and development spending. The company's latest three-year plan called for L4,500bn in public sector contracts, of which L1,000bn should be spent this year.

Growing international collaboration in the computer industry has also rekindled discussion about a link between Olivetti Information Services (OIS), the group's software subsidiary, and Finsiel, the much bigger state-owned software house which is part of the IRI group.

Lonrho urged to change board

By Roland Rudd in London

LONRHO, the international trading group, is under pressure from its shareholders to appoint non-executive directors to its board as a consultant yesterday criticised the group's corporate governance.

Pensions Investment Research Consultants acts as a consultant to private pension funds in the UK and the US. Ms Anne Simpson, PIRC's joint managing director, said: "Lonrho's corporate governance has deteriorated in the course of the year from a low base. It is the only company in the FTSE-100 which does not have a single non-executive on its board.

"We recommend that shareholders set Lonrho a timetable for producing a team of independent directors with first class records to bring the board up to strength."

Unilever, the Anglo-Dutch consumer products company, is the only other FTSE-100 company without non-executives. However, its eight-strong advisory board is considered to do the work of non-executives.

Lonrho's institutional shareholders, which include the South African Mutual Life Assurance Society, Phillips and Drew Fund Managers, Legal and General, Robert Fleming Investment Management and Postel Investment Management, have expressed similar views to the Lonrho's directors in meetings over the past 10 days.

Fund managers contacted by the Financial Times yesterday said they backed PIRC's comments. One criticised Lonrho for not taking corporate governance seriously, while another complained of the conglomerate's "refusal to accept non-executive directors".

The issue is likely to come to a head after Lonrho publishes its annual report on February 26. PIRC is drawing up a detailed study on the group which it plans to send to shareholders.

Sasib increases turnover by 24%

By Haig Simonian

SASIB, the Italian specialised engineering group controlled by Mr Carlo De Benedetti's CIR holding company, raised turnover by almost 24 per cent to L766bn ($639m) last year thanks to continuing acquisitions.

Adjusted for the takeover of General Railway Signal and LUZI, two railway equipment groups bought but only partly consolidated in 1991, sales rose by 5.3 per cent. Including the acquisitions, Sasib's order book jumped by 73 per cent to L735bn at the end of last year against L425.5bn at end-1990.

To fund its continued expansion and bolster its balance sheet, the company is raising at least L78.5bn in new capital. Sasib will issue 15.7m new savings shares, to be priced at no less than L5,000 each, as part of a convertible bond issue.

The money will help to improve Sasib's balance sheet after last year's acquisitions, which contributed to a L54.4bn fall in net liquidity to L68bn at the end of 1991.

Liberty pressed to accept funds plan

By John Thornhill in London

THE South African Myerson family is pressing Liberty, the UK fashion retailer and wholesaler, to accept its proposals *for the strategic development* of the group which would lead to the appointment of a new chief executive and the injection of capital through a £20m ($36.2m) rights issue.

The Myersons, who own 15.08 per cent of Liberty's ordinary voting shares, are calling for an extraordinary general meeting to allow shareholders to consider its suggestions.

The Myersons' investment vehicle, Concerto Capital Corporation, said it would consider underwriting the proposed rights issue by subscribing £13m which would result in it increasing its shareholding to 28 per cent. But Concerto proposed that Liberty's existing shareholders should be able to exercise their pre-emption rights at the current market price of £6.50.

Liberty rejected the outline proposals which it claimed lacked "any substance". Its advisers pointed out that Liberty was in no need of a rights issue as it had minimal borrowings.

The Myersons, through their financial advisers, Hambro Magan, have been wooing members of the founding Liberty family, who own 50 per cent of the company's shares.

Since the end of last year, several meetings have been held with both the "inner" Stewart-Liberty family, which controls 35 per cent of the equity, and the "wider" family, which controls a further 15 per cent. Earlier this week, Hambro Magan had a further meeting with Mr Harry Weblin, chairman of Liberty, and representatives of the Stewart-Liberty family.

Mr Brian Myerson said Concerto would now write to Liberty's shareholders explaining its stance and would seek meetings with institutional investors.

"We believe that a rights issue would put Liberty in a position where it could grow far more aggressively over the next five years," he said.

Engineer seeks to build confidence

Robert Taylor talks with the new chief at Finland's KOP bank

MR Pertti Voutilainen must have one of the most unenviable jobs in Finland at the moment. The 51-year-old engineer who has spent most of his working life with Outokumpu, the mining company, took over as chief executive of Kansallis-Osake-Pankki (KOP), Finland's leading commercial bank, only five *weeks ago*.

But as he announced the bank's disastrous results for 1991 with a FM1.643bn ($378m) loss yesterday, he might be forgiven for wondering whether he had been sensible in agreeing to try to rescue a once-proud and prudent bank.

His hapless predecessor, Mr Jaakko Lassila, resigned last October, suggesting there was a personal vendetta against him in the Finnish media.

"In today's unstable and turbulent conditions, this kind of persecution is more detrimental to the bank than it can be to me personally," he wrote in his resignation letter to the bank's supervisory board chairman.

It is in these troubled circumstances that Mr Voutilainen must try to revive the bank's profitability. "It was a difficult decision for me to come to KOP," he admits. "I was given half-an-hour to decide on taking the job."

But after *last year's* scandals, which included a breach of stock exchange rules leading to the KOP board being fined last week, and the bizarre share-dealing operation of New York-based financier Mr Pertti Kouri, the bank needed to look outside its own staff to find a saviour.

Pertti Voutilainen: no direct banking experience

Mr Voutilainen admits he has no direct banking experience. "I'm not sophisticated enough to get involved in the kind of transactions the bank has carried out recently," he admits. But he was a long-time member of KOP's supervisory board and is finding his feet very quickly as he grapples with the bank's massive problems.

A small working group has been set up under his chairmanship to chart a new course for the bank. This will be ready with a report by April and after that KOP can expect to see changes in both its management and priorities.

Mr Voutilainen is already clear about what needs to be done. "We have to restore confidence in the bank," he says. "Our image has been damaged." He emphasises the need to "improve the quality of the bank's services" to its customers.

The bank's staff has been demoralised, he admits, by last year's events, and he has spent much of his time since arriving in the job "walking round the organisation" trying to convince his employees to believe in themselves.

His style of leadership already looks different from that of his rather patriarchal and secretive predecessor, Mr Lassila. "I want to be more open," he says. "We have been too reluctant to tell the whole truth. People do not like that."

He is concerned that many bank customers may have lost confidence in the Finnish banking system.

Mr Voutilainen is also clear that KOP must concentrate its efforts on what it knows best and that means sticking to basic banking operations.

"It would be a deception to expect that everything will change overnight," he warns. "The general operating environment holds little promise of drastic amelioration."

He explains there is no danger of a KOP collapse. "We can stand one or two years without any profits," he says. "But banks live on confidence. If you lose that you can't continue."

Although only five weeks into the job, he already sees a big difference between running a bank and an industrial company. "In industry, you can take a pause before making a decision. But in the bank that is not possible. Decisions have to be taken much more quickly," he explains.

What he needs more than ever, he admits, from KOP's shareholders, is "patience," time to ensure the bank can once again "bring a competitive yield on their investment".

Penser files SKr3.8bn suit

By John Burton in Stockholm

MR ERIK PENSER, the Swedish financier, yesterday filed a SKr3.8bn ($657m) lawsuit against Nordbanken, claiming the Swedish state-owned bank last year illegally seized his majority shareholding in Nobel Industries, the chemicals and defence group.

"The circumstances surrounding the seizure of the Nobel shares were not consistent with valid legal procedures," said Mr Bjorn Edgren, an attorney for Mr Penser, in filing the suit for damages.

Nordbanken took over Mr Penser's holdings after he suffered a liquidity squeeze last August. Mr Penser has said he was forced to give up control of Nobel for a symbolic SKr1 because Nordbanken threatened him with insolvency.

The suit comes a week after an independent investigator appointed by Nobel concluded that Nordbanken and other banks pressured it into helping them rescue the finance subsidiary, Gamlestaden.

An agreement by Nobel to provide a SKr2.3bn capital contribution to Gamlestaden was described as invalid due to the pressure applied by the banks on Nobel, according to the investigation.

ASKO lifts AVA stake

ASKO, the German retail chain, has increased its shareholding in rival retailer AVA from 24 per cent to more than 50 per cent, Reuter reports from Saarbrücken.

ASKO acquired the additional AVA shares in return for shares in its Co op offshoot, reducing ASKO's Co op stake to about 74 per cent.

"Through this investment ... [ASKO] is buying the majority in one of the best run and most successful German trading groups," ASKO said.

Mr Klaus Wiegandt, ASKO chief executive, said AVA was a geographically ideal supplement to ASKO's network of supermarkets. AVA made a net profit of DM52m ($32.7m) on sales of DM4.41bn in 1990. It expects a further increase in results for 1991.

In the first half of 1991, ASKO net profits were DM75m on sales of DM9bn. Full-year results are due in July. In 1990, Co op made a loss of DM301m on sales of DM10.25bn.

Co op was on the brink of bankruptcy when ASKO bought it at the end of 1990 and has since gone through a hard hitting restructuring.

● Germany's Treuhand privatisation agency hopes to sell the east German chemical manufacturer Buna and the chemical divisions of Leuna to western investors by the summer.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool selling price £/MWh
0030	17.13	17.47	17.47
0100	17.15	19.97	21.49
0130	17.18	20.10	22.24
0200	17.18	20.10	22.23
0230	17.15	19.07	21.47
0300	17.12	17.39	17.36
0330	17.11	17.19	17.19
0400	17.06	17.16	17.16
0430	17.05	17.12	17.12
0500	17.06	17.12	17.12
0530	17.11	17.14	17.14
0600	17.06	17.14	17.14
0630	17.13	17.16	17.16
0700	17.43	17.22	17.22
0730	17.96	19.29	21.41
0800	18.02	19.57	21.71
0830	18.86	25.96	28.27
0900	18.93	25.96	28.27
0930	20.01	20.06	22.22
1000	21.49	25.96	28.27
1030	21.48	25.96	28.27
1100	21.06	20.04	22.18
1130	21.06	20.08	22.22
1200	21.05	25.98	28.27
1230	20.07	25.96	28.25
1300	19.77	25.96	28.24
1330	19.39	16.00	16.00
1400	18.53	17.60	17.50
1430	18.02	17.37	17.37
1500	18.00	17.19	17.19
1530	17.97	17.18	17.18
1600	17.97	17.28	17.28
1630	18.01	20.79	23.36
1700	18.60	32.31	36.29
1730	26.64	33.32	37.23
1800	25.73	32.02	35.71
1830	25.53	26.96	29.52
1900	22.70	20.88	22.97
1930	20.90	20.75	22.86
2000	20.25	20.72	22.65
2030	18.10	19.57	21.57
2100	18.10	19.49	21.55
2130	17.17	19.37	21.47
2200	17.16	19.37	21.47
2230	17.13	17.18	17.18
2300	17.10	17.14	17.14
2330	17.04	17.13	17.13
2400	17.03	17.16	17.10

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

American Express plans to relaunch Optima card

By Alan Friedman in New York

AMERICAN Express yesterday said it planned to relaunch its troubled Optima credit card, the loss-making business that suffered heavy credit loss provisions last year.

The relaunch involves tightening the criteria for new cardholders and creating a three-tiered pricing structure that rewards the best customers with a low interest rate.

Optima, which was launched in 1987 and has more than 3m cardholders, suffered 1991 losses that are estimated by analysts at around $150m.

Last November, American Express named Mr Frank Skillern to take over the Optima business, following a $155m third-quarter charge related to Optima losses from consumer delinquencies. Mr Skillern yesterday said the new tiered pricing structure would be accompanied by a move to deploy more resources that focus on potential delinquencies earlier in the credit process.

More than 50 per cent of the $697m pre-tax increase in 1991 credit loss provisions at American Express's Travel Related Services (TRS) division is believed to have come from the Optima business.

Optima, operated through the Delaware-based Centurion Bank, is not expected by American Express to return to profitability until 1994.

The new pricing structure, which will only be available in the US, will offer the lowest interest rate – 12.50 per cent – for cardholders who have at least one year's tenure, have made no late payments over the past 12 months, and spend at least $1,000 annually with Optima.

Cardholders who have not been in good standing will pay a rate of 18.75 per cent, while a middle-tier rate of 14.75 per cent will be charged to cardholders who have been in good standing but do not meet other requirements.

WPPSS bond suit gains ground

By Nikki Tait in New York

THE long-running bondholder suit involving Washington Public Power Supply System (WPPSS) has moved a step closer to resolution. A federal appeals court has approved a settlement which would pay around $800m to investors who purchased certain WPPSS bonds over a decade ago.

The settlement, if finally upheld, would represent the largest successful investor suit brought in the US.

The investors involved bought bonds sold to help finance the construction of two nuclear power plants in the north-western US. The plants were commissioned in 1976 but abandoned in 1982 after cost overruns. Default on the $2.25bn bond issue followed in 1983.

The bondholders' lawsuits, which were first filed over a decade ago, alleged fraud and securities law violations by WPPSS, its directors, and cities and utilities which participated in the project.

The settlement was reached in 1988, but legal wranglings between the various interested parties has prevented any payout.

The appeals court ruling threw out challenges to the settlement from one bondholder grouping and from some post-default investors.

If and when the settlement is paid out, the 20,000 people who bought bonds between 1977 and 1983 are unlikely to share in the full $800m.

Some money will be set aside for investors who bought bonds after 1983, while the class-action lawyers have asked for over $100m in fees. This figure has been cut by one judge to nearer $40m, but the matter is also under appeal.

Gulf Canada quits C$5bn oil deal

By Bernard Simon in Toronto

GULF Canada Resources, controlled by property group Olympia & York Developments, is pulling out of a consortium developing the Hibernia oil and gas field off the coast of Newfoundland.

Gulf said the initiative to withdraw from the C$5.2bn (US$4.48bn) project came from the company's management and not from O&Y, whose own resources have recently been strained by the slump in the international property market.

O&Y, owned by Toronto's Reichmann family, has indicated, however, that its highest priority for the moment is its real estate business. It has been reducing its exposure to the resource sector.

Gulf has a 25 per cent interest in the Hibernia project, which is due to come on stream in 1996 with an initial production of 110,000 barrels of oil a day.

The company said it was reluctant to commit a large chunk of its resources to a single project which would not contribute any cash flow for at least the next six years. It said it has failed to find a buyer for its stake, and there was no mechanism for a partial withdrawal. The decision will result in an after-tax charge of between C$90m and C$300m.

The Canadian and Newfoundland governments, as well as the three other members of the consortium, have insisted that the Hibernia venture will still go ahead.

The two governments are providing generous financial incentives for the project, on which Newfoundland is pinning much of its hopes of economic growth in the 1990s.

The other members of the consortium are Mobil Oil Canada, Chevron Canada Resources and Petro-Canada. Petro-Canada has also indicated that it would like to reduce its commitment.

Restructure charge puts Kodak in the red

By Martin Dickson in New York

EASTMAN Kodak, the world's biggest maker of photographic equipment, reported a fourth-quarter loss of $400m following a $597m after-tax charge to cover the cost of an early retirement programme and further restructuring moves.

Kodak, in the throes of its fifth restructuring since 1983, warned in December that it would be taking a $495m charge, but said $102m had been added, mainly to cover additional employees who might seek early retirement. It said that some 6,750 employees had elected to retire early and a further 2,000 would be eligible this year.

The company also took a $435m charge in the third quarter, some $200m of it for the retirement programme, which produced a $118m net loss.

Kodak said that in the absence of the charge, fourth quarter net earnings would have been $197m, or 61 cents a share, compared with $326m, or $1.01, in 1990.

For the year, the company reported net earnings of $17m, or 5 cents a share, following after-tax restructuring charges of $1bn. Excluding the charges, net earnings would have been $1.05bn, compared with $1.27bn, or $3.91, in 1990, before deducting the damages won by Polaroid in litigation against Kodak.

Mr Kay Whitmore, chairman, said: "Despite concerns about the economic background, we expect 1992 to be a time when benefits of what was done last year will show in category growth, higher sales and better earnings.

S&P takes dim view of TWA's prospects

By Nikki Tait

STANDARD & Poor's, the US credit ratings agency, estimated the chances of a successful reorganisation of Trans World Airlines to be "even, at best", adding that it viewed the airline's long-term prospects as "poor".

TWA last Friday filed for protection under Chapter 11 of the US Bankruptcy Code, and its owner, Mr Carl Icahn, has been reported as saying that the carrier has a "90-10 chance to make it".

However, some analysts have been more sceptical. S&P has already attached "D" ratings to the company's senior notes.

The agency pointed out that the filing fell short of a "pre-packaged bankruptcy" – where a reorganisation scheme has already been agreed with all creditors and the bankruptcy mechanism is merely used to implement it.

It suggests that the timing of the filing "appears to be motivated by the conclusion of preliminary agreements with most creditors and a continuing cash drain that may necessitate debtor-in-possession financing to continue operations".

However, S&P also noted the potential pension problem at TWA, and the fact that the Pension Benefit Guaranty Corporation – a federal agency which essentially guarantees basic pension payments – has not agreed to the reorganisation as outlined.

The PBGC has claimed that TWA's pension plans are underfunded by $933m, although this is subject to some dispute.

At present, because of the level of Mr Icahn's ownership, a liquidation at TWA could allow the PBGC to seek recovery from other Icahn-controlled entities.

However, if the reorganisation scheme reduced Mr Icahn's stake below 50 per cent – as envisaged – this access would disappear under US law.

Mill threat at Canadian pulp business

By Robert Gibbens

STONE-Consolidated, the Canadian arm of Chicago's Stone Containers, is threatening to shut its Bathurst, New Brunswick, pulp and packaging paper mill unless the Canadian Paperworkers' Union accepts a tough survival plan.

The dispute highlights the crisis in the eastern Canada pulp and paper industry after two years of depressed markets.

One operation of the modern Bathurst mill normally ships to Stone-Consolidated's Bridgewater division at Ellesmere Port, in the UK, but was closed last November because of high inventory and poor prices.

Two other similar mills in Quebec were also shut by other companies.

The corrugated paper machine, however, continued to operate and Stone-Consolidated said it hoped to re-open the pulp mill this April if markets improved.

Product prices, however, are still at record lows after accounting for inflation. The company asked the union to negotiate a survival package, including a 20 per cent reduction in wage costs. The plan would cut staff by 25 per cent.

Stone Containers bought the former Consolidated-Bathurst from Power Corp of Canada in 1989 for C$2.6bn (US$2.2bn). The company is also a big newsprint producer, and its Quebec mills are planning to reduce operations early this spring.

General Re climbs despite lacklustre fourth quarter

By Nikki Tait

GENERAL Re, the largest reinsurance company in the US, yesterday reported an increase in after-tax profits for the year, to $656.7m from $613.6m, although operating income excluding realised gains had been static.

The fourth-quarter advance in net profit was from $155.5m in 1990 to $184.2m.

This figure for the final 1991 quarter was described as "unsatisfactory" by General Re, but it added that the figure would have been only "marginally so" had the big Oakland, California, fire not occured.

General Re said its underwriting results had fallen "short of our goals", but pointed out that they compared favourably with the rest of the reinsurance industry.

The combined underwriting/expense ratio for the year increased from 99 per cent to 102 per cent, year-on-year, and in the fourth quarter alone reached 103 per cent.

Operating income for the year, excluding realised gains, amounted to $561.8m, compared with $566m, with the fourth quarter showing a small improvement at $147.6m, against $146.8m.

Revenues during the year increased slightly from $2.95bn to $3.2bn

Shares in General Re, known to be operating in a weak reinsurance market, were $¾ higher at $95 on the news.

Time Warner to acquire remaining stake in ATC

By Alan Friedman

TIME Warner, the entertainment and media group, yesterday announced plans to commit up to $1.6bn by 1995 to acquire the 18 per cent of its publicly quoted American Television and Communications (ATC) cable television subsidiary that it does not already own.

ATC, which is the second biggest US cable television operator, recorded $120m net income in 1990, on revenues of $1.1bn.

The complicated arrangement would assign to the holders of 19.7m outstanding ATC shares a series of Time Warner redeemable reset notes in exchange for their stock.

The notes will not bear any interest until August 1995, at which point Time Warner will have the right to offer the noteholders either cash or a mixture of cash and other Time Warner debentures with a value of $82.50 a note.

The total value of cash and/or debentures would thus be $1.6bn, which compares with the present $1.15bn market value of the 18 per cent of ATC equity listed on the over-the-counter market.

In early trading on Wall Street yesterday, ATC's share price was marked $1⅛ higher, to $58¼.

Importance of a shared memory

Steven Butler looks at the potential of Intel's relationship with Sharp

THE decision by Intel, the world's leading microprocessor maker, to share its most advanced memory technology with a Sharp company is bound to raise eyebrows in Washington, where America's loss of industrial leadership to Japan has become a controversial political issue.

Yet Mr Robert Reed, Intel's senior vice-president, was yesterday in no doubt about who his main constituents were: Intel's shareholders. And for them, he argued, the industrial and financial logic of the deal was compelling.

Intel now supplies 85 per cent of the world market for flash memory devices, easily eraseable and recordable semiconductor chips that retain electronic information after power is switched off. They are a natural replacement for many magnetic recording devices, such as disk drives and tape recorders, because they are smaller, lighter, use a fraction of the energy, and provide faster access times. They are also becoming cheaper.

Flash memory devices are used now in some computers. Mr Richard Pashley, general manager of Intel's memory component division, says they will become generally available in portable computers in about a year.

Intel is having trouble now meeting the rapidly- growing demand in the computer field, which is the mainstay of its business. Sharp, the Japanese electronics company, will provide capital to expand manufacturing capability and a research capability to advance the technology. More importantly, however, it will give Intel a way in to the consumer electronics industry, where it has no experience.

Mr Atsushi Asada, Sharp senior executive vice-president, yesterday outlined a range of ideas for new products, including tiny voice recorders with no moving parts, digital still cameras, hand-held electronic magazines, and cellular fax machines that store and display transmissions electronically.

For Sharp, having access to Intel technology puts it instantly ahead of the pack in Japan, although the companies would not disclose how much Sharp is paying for this privilege.

Mr Reed said Intel would have difficulty retaining its technological and market leadership without a strong partner. Intel has a current capital expenditure budget of $1bn a year; Mr Reed argued that to spend an additional $500m on a new plant for flash memories would not be prudent.

This is particularly true as competition in the industry could become bruising as the market grows, and Intel is going against large Japanese companies such as Hitachi or NEC, which have much greater resources. It expects to see its market share scaled back sharply, perhaps to 30 per cent, while sales blossom.

And while flash memories may provide an important complement to Intel's core business, leadership in microprocessors will remain its central focus.

"There are only so many things you can do well at the same time," he said. "And I think we are close to the limit. The deal raises the long-term prospect of Intel's success in flash [memories]."

Intel has already tripled its production of flash memories at its plant in New Mexico in the past six months. The devices use 1-micron process technology. A micron, one millionth of a metre, refers to the size of the line width etched into a silicon wafer.

Production of 0.8-micron devices is beginning now on behalf of Intel by NMB Semiconductors, the Japanese company. Sharp and Intel plan jointly to develop manufacturing technology for 0.6 and 0.4-micron devices with an aim of starting production in 1994 at a Sharp facility in Fukuyama, Japan.

Intel said it had no plans to manufacture the smaller, more powerful devices in the US, although it could decide to upgrade its New Mexico production to the more advanced technology. While Intel considered a US partner, it selected Sharp in part because demand for flash memories was expected to be strong in Japan.

Datastream says the worldwide market may grow from about $130m a year today to about $1.5bn by 1995. Yesterday there was talk of a $10bn market by the turn of the century, one that may rival the market for dynamic random access memory (Dram) devices in size.

Mr Pashley says that, per unit of memory capacity, flash devices are fundamentally cheaper to make because they are less complex. As manufacturing volume accelerates, Intel expects price per unit of memory to match Dram chips by 1994, and then decline.

As for mini hard disk drives, a 40-MByte flash card is expected to be cheaper than a 1.8-inch drive by 1995. Smaller capacity cards are already competitive.

As a taste of things to come, Intel this week halved the prices of its memory cards already on the market. The price of a 4-MByte card was cut to $492 in the US.

IBM and National Semi agree LAN partnership

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines has announced a partnership with National Semiconductor focused on the technology for local area networks (LANs), which link personal computers and workstations in offices and factories.

IBM said it would work with National, a leading manufacturer of LAN semiconductor chips, to develop products that make networking easier.

The new relationship brings together the strongest proponents of rival LAN technologies. IBM is the dominant supplier of Token-Ring networking products, while National is the leader in chips used in Ethernet LAN products.

In Token-Ring, LANs users exchange information packets through a "token" that acts as a courier travelling around the network loop from computer to computer. In Ethernet LANs, information is exchanged along a network "highway".

The two approaches together represent about 60 per cent of the $2bn networking equipment market, according to market analysts, with Ethernet claiming about 35 per cent and Token-Ring about 25 per cent. Both are growing at a rate of about 30 per cent a year.

With their new relationship, IBM and National are putting aside past debates over the merits of each technology and stressing that both approaches must co-exist.

As a first step IBM has licensed National to sell an IBM-built single-chip controller device for Token-Ring networks. For IBM, the agreement represents an opportunity to expand sales of the controller chip without having to build up a sales and marketing organisation for the devices.

The agreement with National also enables IBM to establish its technology as an alternative industry standard.

National hopes to increase its sales of networking chips by about $30m over the next 18 months.

LTV net improves, but operating loss deepens

By Martin Dickson

LTV, the US steel, aerospace and energy group which has been living for five years under the protection of the bankruptcy courts, yesterday reported a deepening of fourth-quarter operating losses, which it blamed on the US recession.

LTV reported a net loss of $8.5m, or 12 cents a share, an improvement on the loss of $19.5m, or 23 cents, reported in the same period of 1990. Sales dipped from $1.6bn to $1.52bn.

In the full year, it made $74.1m on sales of $5.99bn, compared with income of $70.9m on sales of $6.14bn in 1990.

However, the figures were flattered by a third-quarter income tax refund of $129.7m and related fourth-quarter interest income of $53.3m. At the operating level, it lost $56.3m in the final quarter, up from $25.9m a year ago.

Its steel operations reported a fourth-quarter operating loss of $54m, up from $11.1m, due to lower prices and shipments and higher wage costs. Its energy products business produced a loss of $16.3m, compared with a profit of $1.4m, mainly because of charges for excess or slow-moving inventory.

However, its aerospace and defence business, which LTV agreed this week to sell to a joint venture between Lockheed and Martin Marietta, produced operating income of $14m, up from $8.8m in the final quarter of 1990.

LTV has been involved in years of difficult negotiation with its creditors and the federal Pension Benefit Guaranty Corporation over the terms of a restructuring which could bring it out of Chapter 11 bankruptcy.

It said yesterday it intended to file a new plan of reorganisation on February 14, and that it had made "substantial progress" toward bringing creditor groups to agreement.

Waste group in $1bn flotation

WASTE Management, the large US waste disposal group which is planning to float shares in its international subsidiary on the UK stock market, has announced that it filed a "shelf" registration with the US Securities and Exchange Commission for offerings of up to $1bn in unsecured debt securities, writes Nikki Tait.

It said yesterday that the proceeds would be used to retire commercial paper and other debt, and "for general corporate purposes, including acquisitions".

Retailer shares due to return

SHARES in Federated Department Stores, the new parent company for the Federated and Allied store chains, were due to start trading on a "when issued" basis yesterday – marking the group's formal emergence from bankruptcy, writes Nikki Tait.

The emergence of the retail business – which encompasses 11 different chains, including Bloomingdale's – from corporate purgatory was heralded last month. The bankruptcy court then approved a reorganisation plan hammered out between management and the company's creditors.

The chains' failure in 1990 had seemed to mark the end of an era of debt-financed deals.

CSR surprises market with A$558m assets writedown

By Bruce Jacques in Sydney

CSR, the Australian building and sugar company, yesterday surprised the markets by announcing a A$558m (US$419.50m) asset write-down.

Mr Alan Coates, chairman, said the write-down, representing about 10 per cent of total non-current assets, was in line with a subdued outlook for the company's businesses.

He said it followed an extensive asset review "imposed on directors" by revised Australian accounting standards. The relevant standard, AASB 1010, obliged directors to ensure that non-current assets were not recorded in accounts at amounts exceeding recoverable values.

CSR's stark interpretation of the revised accounting standard raises the possibility of a series of large write-downs by other leading Australian companies.

With an offsetting upward revaluation of A$186.4m on CSR's land and buildings, the effect will be to reduce shareholders' funds by A$372m, or 46.5 cents a share. The company showed shareholders' funds of almost A$3.2 in its March 1991 balance sheet.

Announcement of the write-downs initially sent CSR shares tumbling by 14 cents to A$4.68 on the Australian Stock Exchange, but they later recovered to close at A$4.76.

Mr Coates said the write-downs came from independent valuations, where appropriate. "The company's drive for continuous improvement in the production and distribution of its products, as well as the recession-induced reduction in demand, have led to the closure of a number of plants, requiring reduction in their value to that of their estimated worth on disposal," he said.

"There has also been a considerable fall in the value attributed to the goodwill and trademarks of some CSR activities.

"Recent changes in perceptions of economic growth in the countries in which CSR manufactures and/or sells its products have added greatly to the uncertainty attached to the value of the company's assets, particularly where significant intangibles such as goodwill are involved."

Almost A$216m of the write-down came off goodwill, with another A$120.6m off patents and trademarks. The next biggest item was a A$193.5m reduction in plant and equipment values.

Mr Coates said one positive outcome would be to improve CSR's future profitability by around A$15m a year through lower depreciation and amortisation charges.

He indicated that, under the accounting standards, the upward valuation on land and buildings would go into capital reserves. The A$558m write-down of other asset categories, however, must be dealt with through the profit and loss account.

"Without other action, the write-down would leave a negative balance in the retained profits of the company, which would preclude payment of a final dividend this year and seriously impair the ability to pay future dividends," Mr Coates said.

"CSR's directors consider this is not justified. To remove this constraint on CSR's capacity to pay future dividends, we propose seeking court approval to use A$558m of the share premium reserve to offset the loss and so reinstate retained profits to their previous figure.

"Even after using this A$558m, the share premium reserve will exceed A$900m."

INTERNATIONAL CAPITAL MARKETS

Profits rise at Bankers Trust Australia

By Bruce Jacques in Sydney

BANKERS Trust Australia, the Sydney-based offshoot of the US-controlled financial services group, has moved against the banking trend in Australia with a strong rise in earnings in 1991.

The company yesterday announced a 31 per cent advance in net profits to A$160.8m (US$123.6m) from A$122.8m a year earlier. Pre-tax earnings rose 38.3 per cent to A$278.1m.

Mr Rob Ferguson, managing director, said the company's return on average shareholders' funds was 34.2 per cent, and group assets had grown to A$4.5bn from A$3.6bn in the year.

"All areas of the bank posted increased profits," he said. "Funds management accounted for one-third of all revenues, while investment banking accounted for the rest.

"This improvement was in spite of the tough economic times. Banker Trust's approach has been prudent in all business areas."

But Mr Ferguson warned the 1991 trading year was unlikely to be repeated. "Interest rates traded lower during the year," he said. "The 90-day Bank Bill rate fell from about 12 per cent at the beginning of the year to less than 8 per cent at the end of 1991.

"This extraordinary rally was clearly an advantageous environment for banks. [In 1992], there may not be the trends in interest rates that characterised 1991. There should, however, be opportunities in other parts of our business that will offset this factor."

Wesfarmers anticipates improved results

WESFARMERS, the Australian agricultural services and coal group, yesterday said it expects full-year profits for the year to June 30 to be better than last year's, after reporting a 48.7 per cent rise in net profits for the first half to December, Reuter reports from Perth.

The company said the half-year net profits of A$19.2m (US$14.7m), or 10.5 cents per share, up from A$13.4m, or 7.3 cents, was achieved on improved performances in its chemicals and fertilisers, dairy, gas, transport and retail operations.

These were offset by declines in rural trading, insurance and coal mining activities.

"While there has been some recovery in coal production during the second quarter, the performance of the coal division remains below budget for the first half, largely due to slower than anticipated productivity improvements in the underground operations," Wesfarmers said.

"On the positive side, the 50 per cent owned explosives company Dyno Wesfarmers achieved an encouraging turnaround in profitability compared to the first half last year," it said.

Fertiliser sales to December were ahead of last year and ahead of budget and the company expected to sell about 100,000 tonnes more than last year's sales of 764,000 tonnes.

"But directors pointed out that as the majority of fertiliser sales take place in the final quarter of the year, it remains difficult to predict with confidence the end of year result."

First-half pre-tax profits advanced to A$30.96m from A$21.26m on lower sales of A$566.77m compared with A$584.97m.

Wesfarmers is offering A$3.55 cash per share for Bunnings, the Australian timber group, valuing it at A$163m. The offer expires on February 17. Bunnings has recommended shareholders reject the offer.

ACIL registers A$34.8m loss

AUSTRALIAN Consolidated Investments (ACIL), yesterday reported net losses of A$34.8m (US$26.7m) for the first half to December, narrowing from A$90.8m a year earlier, AP-DJ reports from Sydney.

Sales fell 14 per cent to A$12.6m from A$14.8m, while total operating revenues fell 27.5 per cent to A$36.4m from A$50.2m. ACIL said the result for the six months was abnormally affected by net realised and unrealised foreign exchange losses of A$17.7m.

Recently, ACIL agreed to sell its 50 per cent interest in National Brewing Holdings, for A$425m, to Lion Nathan of New Zealand, which owned the other 50 per cent.

Treasuries inch ahead as investors await refunding

By Karen Zagor in New York and Sara Webb in London

US Treasuries drifted modestly higher yesterday morning in thin, featureless trading ahead of the Treasury's refunding announcement in the afternoon.

At midday, the benchmark 30-year bond was quoted at 102$\frac{21}{32}$, yielding 7.75 per cent, unchanged from its opening level. Shorter-dated maturities were similarly unmoved at mid-session, while the 10-year note firmed $\frac{1}{32}$.

The Federal Reserve refrained from operating in the open market and Fed funds traded at 3⅞ per cent in the morning, just below the Fed's perceived target for the rate of 4 per cent.

Following the Treasury's refunding announcement, the market will turn its attention to Friday's release of employment figures for January.

■ STRONG demand for

GOVERNMENT BONDS

medium and long-dated UK government bonds lifted gilt prices and helped the Bank of England sell all three of its tap issues yesterday.

The three tap stocks – £150m of the 9¾ per cent Treasury loan due 1999, £150m of the 12¼ per cent Exchequer stock due 1999, and £250m of the 9½ per cent Conversion stock due 2005 – sold out on the first day of issue. Traders said there has been considerable pent-up demand for these maturities, and there is some speculation the Bank may take advantage of the current bullishness in the gilts market to announce further tap issues soon.

Volume in the futures market was relatively high at about 40,000 contracts. Gains at the short end of the curve were limited, as traders said the recent wage settlement for German steelworkers had dashed hopes of a cut in German interest rates and therefore reduced the chances of lower UK interest rates. However, at the long end, the benchmark 11¾ per cent gilt rose from 116$\frac{3}{32}$ to 116⅝ by late afternoon.

■ FRENCH government bond prices fell as worries about the domestic political situation and the likelihood of German interest rates remaining high, prompted some switching out of the market.

The minority Socialist government continues to face criticism following the admission to hospital of the Palestine Liberation Organisation's Mr George Habash. Traders said some investors used this as an excuse for a sell-off. On the Matif futures exchange in Paris, the March bond futures contract closed at 108.10, down 0.22 from Tuesday.

Elsewhere, German government bonds ended slightly lower on the day as worries about wage settlements continued to trouble the market.

However, some traders pointed out the sharp jump in unemployment figures for eastern Germany, released yesterday, could have a moderating effect on the current wage negotiations. The Liffe bund futures contract slipped from 88.03 to 87.88 by late afternoon.

■ JAPANESE government bond prices dropped on concern about the recent rise in short-term interest rates and worries about possible new supply in the market.

The JGB market started the day in Tokyo on a strong note, following Tuesday's firmness in the US Treasury bond market. However, concern over the rise in short-term interest rates in recent days prompted some profit-taking shortly before the close of trading in Tokyo.

Rates on three-month certificates of deposit have crept up to 5.2 per cent, having fallen as low as 4.95 per cent last month, wiping out hopes of an imminent cut in the Official Discount Rate.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	97.8025	-0.441	10.34	10.23	9.49
BELGIUM		9.000	06/01	101.9600	-	8.89	8.88	8.77
CANADA *		8.500	04/02	100.8000	+0.300	8.38	8.19	7.95
DENMARK		9.000	11/00	102.5500	-0.120	8.57	8.46	8.61
FRANCE	BTAN	8.500	03/97	98.9703	-0.276	8.74	8.57	8.86
	OAT	8.500	11/02	100.1700	-0.180	8.46	8.36	8.47
GERMANY		8.000	01/02	100.5400	-	7.92	7.89	7.96
ITALY		12.000	02/02	98.4500	-0.020	12.27	12.22	12.47
JAPAN	No 119	4.800	06/99	94.8344	-0.170	5.80	5.54	5.81
	No 129	6.400	03/00	105.1714	-0.209	5.48	5.22	5.34
NETHERLANDS		8.250	02/02	99.5300	+0.050	8.36	8.32	8.34
SPAIN		11.300	01/02	102.5200	+0.100	10.86	10.78	11.36
UK GILTS		10.000	11/96	101-24	+6/32	9.53	9.54	9.79
		9.750	08/02	102-25	+12/32	9.33	9.42	9.55
		9.000	[illegible]	99-02	+10/32	9.11	9.18	9.32
US TREASURY *		7.500	11/01	101-28	+8/32	7.24	7.13	6.92
		8.000	11/21	102-28	+0/32	7.75	7.64	7.45

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

NZ setback as bond tender fails

By Terry Hall in Wellington

THE New Zealand government's ambitious borrowing programme suffered an unexpected setback yesterday with the failure of the February bond tender.

The tender was the first to face a substantial shortfall since 1986 when the Reserve Bank sold most of a tender to Rakiura Holdings, a small merchant bank, which promptly failed.

Interest rates jumped sharply on news that only NZ$233m (US$129.4m) of the NZ$350m was filled. The lack of support for the issue concerned financial markets, as the government is scheduled to borrow a further NZ$2.45bn before June through monthly tenders to meet latest projections of increased budget deficits.

Dealers said the failure, in the tender's indicator maturity, November 1996, was surprising as it had been the most popular in recent tenders. A Treasury spokesman said he believed it may have been due to technical reasons.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:05 pm on February 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106¾	107¼	+⅛	6.09	BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.82
ALBERTA PROVINCE 9 3/8 95	[illegible]	108¾	109	+⅛	6.03	COPENHAGEN TEL 8 5/8 96 LFr	600	98¼	99¼	+⅛	9.21
AUSTRIA 8 1/2 00	400	105⅝	106	+⅛	7.53	WORLD BANK 8 96 LFr	1000	96¼	97¼		9.02
BANK OF TOKYO 8 3/8 96	100	104¼	104¾	+⅛	7.15	UNILEVER 9 00 Fl	500	104⅝	105⅛		[illegible]
BELGIUM 9 5/8 98	250	110¼	110¾	+⅛	7.49	ALBERTA PROVINCE 10 5/8 96 C$	500	105⅝	106	-⅛	8.94
BFCE 7 3/4 97	150	103¾	103¾	+⅛	6.99	BELL CANADA 10 5/8 99 C$	150	106¼	106¾		9.40
BNP 8 5/8 94	300	106¼	106¾	+⅛	5.45	BRITISH COLUMBIA 10 96 C$	500	103¾	103¾	-⅛	8.98
BRITISH GAS 8 3/8 99	350	104¼	105¼	+⅛	7.54	EIB 10 1/8 98 C$	130	105¼	106¼	-⅛	8.88
CANADA 9 96	1000	108¼	108¾		6.41	ELEC DE FRANCE 9 3/4 99 C$	275	[illegible]	[illegible]	[illegible]	9.10
[illegible]											

INTERNATIONAL CAPITAL MARKETS

Liffe to launch new Eurolira futures contract

By Tracy Corrigan in London and Haig Simonian in Milan

THE London International Financial Futures Exchange (Liffe) plans to introduce a futures contract on the three-month Eurolira interest rate on May 12.

The step follows last week's decision by the Italian Ministry of Finance to drop the 30 per cent withholding tax on domestic interbank deposits. Dealers expect the move to boost activity in Italian money markets and lead to a convergence between the domestic interbank and London-based Eurolira deposit rates.

The move was also prompted by "the continuous increase in size of the Eurolira market [and] the high volatility of Eurolira interest rates," Liffe said.

The introduction of the contract will coincide with "a change in the attitudes of bank treasurers to the interbank market" and "a dramatic increase in the need to manage short-term interest rate risk", said Mr Eugenio Namor, a derivatives broker at SanPaolo Bank in London.

Liffe had been planning to launch a Eurolira deposit contract for some time, but switched its attention to Italian government bond futures as expected abolition of the withholding tax languished. The bond future, launched in September, is well established, traded 142,000 contracts last month. Liffe trades three-month sterling, Eurodollar, Euromark, Ecu and Euroswiss interest rate future contracts.

The contract size is L1bn, with a tick size of L25,000. Settlement will be based on British Bankers' Association rates for three-month Eurolira deposits on the last trading day.

Turnover at Euroclear and Cedel increases

By Simon London

ANNUAL results from Euroclear and Cedel, the two clearing systems for the international bond market, show a strong increase in trading volumes last year.

Euroclear turnover increased 40 per cent to $5,700bn equivalent, while Cedel saw a 37 per cent increase to $3.336bn. The overall increase in trading volume in both systems reflects the buoyancy of bond markets last year and the high volume of new issues.

Both systems have increased their coverage of domestic bond markets. Euroclear increased turnover of domestic bonds by 88 per cent, Cedel by 38.6 per cent.

The breakdown of turnover by currency underlines the decreasing importance of US dollar denominated securities and the growth of the Ecu bond market as a liquid sector.

Developing eastern Europe's capital markets

Sara Webb looks at EBRD's proposals to assist and advise new borrowers

STATE and corporate borrowers in eastern Europe may soon find it easier to raise funds in the international and domestic capital markets.

The European Bank for Reconstruction and Development (EBRD), the London-based international institution set up to help with the economic and political regeneration of eastern Europe, is currently working on plans to develop the eastern European capital markets, both by bringing eastern European state and corporate borrowers to the international markets and by promoting the development of the domestic capital markets in the region.

While countries such as Hungary and Czechoslovakia are no strangers to the international financial markets, having launched several public bond issues already, the EBRD hopes to advise other eastern European countries in their use of the capital markets.

The main areas where the EBRD sees scope for helping eastern European borrowers are as follows:

● To guarantee and underwrite international bonds issues so that certain eastern European state and corporate borrowers may tap the international capital markets for the first time.

Although Hungary and Czechoslovakia have launched public bonds in the international capital markets in a range of currencies, they are considered high-risk borrowers and therefore have to pay substantial margins in the order of 200 to 300 basis points over the respective benchmark government bonds.

In addition, as poor credits they are often confined to borrowing short-term.

For example, in November Czechoslovakia launched a $200m bond in the name of Statni Banka, the Central Bank. The three-year bonds were priced to yield 300 basis points over the comparable US government securities, but are now trading at about 340 basis points over the benchmark.

However, other eastern European borrowers are unable to issue bonds in the international capital market at all because they are considered to be poor credit risks by investors. So the EBRD is currently discussing the possibility of guaranteeing and underwriting bond issues by such eastern European borrowers over the next few months.

Mr Anders Ljungh, EBRD finance vice-president, points out this would allow eastern European countries to borrow at a lower margin than when Hungary and Czechoslovakia tapped the international bond markets.

For those borrowers which have not tapped the international capital markets already, such an arrangement could help to introduce them to the international markets.

"We're there to assist them by bringing them to the international market," said Mr Ljungh. "Our role would be an interim one because we want them to develop their own strength and so we would simply be helping them to take their own steps in the market, borrowing for specific projects."

In other words, once investors were familiar with the borrowers, the EBRD would not be required to provide its guarantee.

Anders Ljungh: role would be an interim one

Eastern European borrowers would have to pay the EBRD for carrying the risk, though probably not on purely commercial terms. "Our charge, or risk premium, for providing the guarantee might differ from what a commercial bank would charge," said Mr Ljungh, adding that the EBRD has not started to discuss the exact costs yet. At present, eastern European borrowers can only reduce their borrowing costs on short-term credits by using short-term trade insurance.

Some dealers at US securities houses believe that even with the EBRD's guarantee, investors might still be reluctant to buy eastern European bonds unless the deal were to be attractively priced. "It would probably make more sense for the EBRD to borrow in its own name, taking advantage of its triple A rating to raise funds cheaply, and then simply lend the money to the eastern European borrower," said one dealer. In fact the EBRD already does this, borrowing in its own name in the international bond markets and lending the money for projects in eastern Europe. However, it has not yet had a hand in guaranteeing any of the eastern European bond issues launched so far and feels it could play a useful role by introducing borrowers to the market in this way.

● To help eastern European countries manage the foreign exchange risk associated with existing debts.

The EBRD hopes to help eastern European borrowers swap their debts into a currency matching their income stream. For example, if an eastern European company has borrowed in yen but is selling its products in US dollars, it faces an exchange rate risk. The borrower may not be able to swap the debt into dollars because in the international markets it may be considered an unacceptable credit risk. However, the EBRD believes that with its own triple A rating it can help by taking on the counterparty risk, thereby helping the borrowing company to swap its debt into a suitable currency.

"This kind of debt management will become much more important," said Mr Ljungh, adding that while the EBRD will help the borrower to avoid currency risk, the bank's charges to the borrower are likely to be on a similar scale to those in the international swaps market.

In addition, the EBRD said it is willing to finance projects in a currency which matches the borrowing company's income, as well as offering the possibility of switching between floating rate and fixed rate loans. This might enable eastern European companies to borrow in the same currency as that in which they are paid – something which is not always possible from the export credit agencies. It would also allow the borrowing company to switch from floating rate borrowing to fixed rate borrowing if it believes that interest rates have reached a low.

● To help with the development of domestic bond markets.

The EBRD wants to be able to issue bonds in the domestic markets so that it can fund projects in local currency.

At present, only Hungary has a well-developed domestic bond market. McDonald's, the US fast-food chain, has tapped the Hungarian bond market with a Ft400m issue, making it the first foreign or privately owned company to raise money in the Hungarian domestic bond market since the Second World War. The issue was a private placement and was bought by a handful of Hungarian investors.

Now, other eastern European countries are studying how to set up domestic bond markets. The EBRD hopes to play an important role in establishing liquid money and bond markets, by offering training for staff, providing technical equipment and advice on how to set up market-makers.

Few issues emerge in sluggish market

By Tracy Corrigan

THE HEAVY inventory of unplaced paper which is weighing on underwriters' books contributed to the prevailing torpor in the Eurobond market, where only a handful of new issues emerged yesterday.

The dollar sector remains the worst afflicted, due to the huge volume of aggressively priced paper launched last month, much of which remains unplaced. Dealers say there is little investor interest in these recent deals, many of which are trading at spreads 10 basis points wider than at launch.

INTERNATIONAL BONDS

The fear of causing a further widening of these spreads may be holding back further issuance.

In the D-Mark sector, where the market is also becoming rather clogged after heavy volume, Total, the French oil company, launched a DM200m 10-year deal via Deutsche Bank.

Meanwhile, Denmark's Ecu1bn domestic issue will not emerge for several weeks, because technical details involving the structure of the issue still have to be resolved. The deal, has been mandated to Den Danske Bank and Unibank.

The bonds will be listed in Copenhagen and will clear through the Danish domestic clearing system, but a Danish central bank official said the structure will be designed to ensure they can be cleared through Euroclear and Cedel, the European clearing houses.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Creditanstalt Bkverein.(b)‡†	30	(b)	102	2002	2	Sanwa Int.
D-MARKS						
Total(a)†	200	8¼	102.80	2002	2½/1½	Deutsche Bank
GUILDERS						
Ned.Invest'bank(c)†	200	8⅞	100.55	2007	1/⅝	ABN Amro
LIRE						
Nordic Investment Bk(a)†	150bn	11.20	101.85	2002	2/1.9	IMI Bank (Lux.)
YEN						
Intec(a)†	15bn	6	101⅝	1999	1⅞/1½	Nikko Europe

☆★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Callable 6/3/95 at 100%. Coupon pays 6-month Libor + 50bp until 3/95, then fixed at 9¼% thereafter. c) Borrower's full name - Nederlandse Investeringsbank Voor Ontwikkelingslanden. Callable from 2003 at 102%.

Bangkok Land valued at $3.6bn in stock exchange debut

By Victor Mallet in Bangkok

BANGKOK LAND, the property developer, was valued at more than $3.6bn yesterday when its shares were listed on the Stock Exchange of Thailand, giving it the largest capitalisation on the market.

The company's stock market debut attracted intense interest from Thai and foreign investors and dealings in the shares amounted to about one-third of total trading volume.

Bangkok Land closed at Bt154, up only Bt4 from its opening, but well above last year's initial public offering price of Bt90, when the underwriters had trouble finding buyers for the 10 per cent of the company on offer.

Market sentiment has improved since the initial offering – a process described by one broker as "neither initial nor public" in accordance with Thai practice – and the shares had recently traded on the grey market at around Bt140.

From today, the company, valued at Bt92.4bn, will make up about 8 per cent of the SET index, giving the controlling Kanjanapas family considerable influence in the market. One brother, Anant, runs Bangkok Land, and another, Keeree, runs Thanayong, also a large property company.

Bangkok Land's main project is Muang Thong Thani, an embryonic residential, commercial and industrial satellite city on the outskirts of Bangkok which is said to be the world's largest private property development.

When construction of pre-fabricated units is running at full production, the company expects to finish one condominium unit every five minutes.

Foreign brokers have generally advised their clients to be cautious of the stock or have treated it as a speculative buy, partly because of initial doubts about the way the company booked deposits on partially built properties as earnings.

The property market has also started to soften, and although the low income housing sector favoured by Bangkok Land has held up well, there are fears the company in common with the developers of London's docklands, may have difficulty attracting customers and the industrial units may be hard to sell.

The next big new listing on the Thai stock market is expected to come from the privatisation of Thai Airways.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Feb 5 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Tue Feb 4 Index No.	Mon Feb 3 Index No.	Fri Jan 31 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (178)	784.16	-0.5	8.66	6.12	14.77	0.52	787.82	785.38	788.80	727.15
2	Building Materials (23)	964.22	-0.3	7.22	6.46	18.76	0.44	966.69	963.73	960.28	1010.65
3	Contracting, Construction (29)	879.01	+0.7	9.05	8.45	15.95	0.00	872.77	864.31	861.15	1117.61
4	Electricals (7)	2453.61	-0.7	10.07	6.11	12.50	0.00	2470.86	2483.70	2467.98	1911.69
5	Electronics (26)	1768.82	-0.9	10.41	4.84	12.18	1.00	1784.26	1778.52	1800.19	1589.64
6	Engineering-Aerospace (8)	329.06	-0.7	16.22	7.90	7.50	0.74	331.40	329.29	332.28	303.50
7	Engineering-General (43)	490.72	+0.2	9.68	5.02	12.74	0.92	489.58	488.97	492.65	353.46
8	Metals and Metal Forming (10)	325.83	-0.6	2.14	10.66	-	0.00	327.95	326.29	332.56	401.99
9	Motors (13)	303.03	+0.7	8.42	7.87	15.78	0.00	301.02	302.11	302.13	280.92
10	Other Industrial Materials (19)	1582.56	-1.0	7.60	5.18	15.65	0.69	1599.17	1593.47	1600.59	1290.01
21	CONSUMER GROUP (188)	1660.57	-0.1	6.99	3.31	17.62	1.80	1662.99	1666.71	1670.88	1252.35
22	Brewers and Distillers (23)	2062.44	-0.7	8.01	3.44	15.17	7.92	2076.90	2092.14	2099.97	1586.41
25	Food Manufacturing (18)	1260.10	-0.3	8.56	4.03	14.44	2.11	1264.51	1259.65	1262.10	1057.60
26	Food Retailing (17)	2542.71	-0.3	8.69	3.26	14.95	0.39	2550.30	2559.81	2569.60	2401.90
27	Health and Household (23)	4558.20	+0.3	4.98	2.14	23.01	0.88	4542.40	4552.36	4554.36	2690.95
29	Hotels and Leisure (24)	1266.17	+0.1	7.50	5.30	16.61	0.07	1264.30	1267.97	1280.06	1151.69
30	Media (24)	1476.47	-0.9	6.64	3.63	18.96	1.22	1489.23	1496.02	1498.30	1244.33
31	Packaging, Paper & Printing (17)	757.33	......	6.99	4.38	17.35	0.22	757.74	753.68	755.96	527.62
34	Stores (32)	1023.25	+0.1	7.22	3.53	18.35	0.23	1022.39	1022.61	1025.03	799.89
35	Textiles (10)	617.64	-0.1	7.43	5.01	17.16	0.00	618.08	616.29	614.08	402.82
40	OTHER GROUPS (116)	1215.10	-0.3	9.94	5.45	12.69	6.09	1219.34	1216.23	1221.19	1046.07
41	Business Services (16)	1380.94	+1.4	7.26	4.75	17.50	0.00	1362.28	1350.00	1363.82	912.55
42	Chemicals (21)	1489.53	-0.1	6.78	4.91	18.24	0.44	1490.82	1489.22	1488.38	1105.37
43	Conglomerates (11)	1275.90	-0.3	11.37	7.94	10.71	3.11	1279.81	1285.31	1307.84	1337.14
44	Transport (14)	2402.22	-0.2	5.34	4.70	24.67	2.46	2407.40	2419.10	2444.79	1844.18
45	Electricity (16)	1202.16	-1.6	15.08	6.18	8.63	15.30	1222.31	1221.64	1212.68	1105.10
46	Telephone Networks(4)	1394.78	......	11.25	4.50	11.61	15.96	1395.11	1384.88	1392.37	1184.50
47	Water(10)	2377.98	-1.2	17.95	6.69	6.14	0.00	2407.67	2371.30	2391.42	2449.13
48	Miscellaneous (24)	1844.63	-0.4	5.56	5.29	24.60	0.95	1851.81	1852.12	1845.40	1661.43
49	INDUSTRIAL GROUP (482)	1297.73	-0.3	8.19	4.46	15.28	2.88	1301.16	1300.94	1305.24	1060.69
51	Oil & Gas (18)	2118.97	-1.0	12.08	6.62	10.96	8.11	2141.02	2157.01	2163.83	2194.50
59	500 SHARE INDEX (500)	1372.98	-0.3	8.61	4.70	14.65	3.28	1377.76	1378.67	1383.21	1155.40
61	FINANCIAL GROUP (87)	726.18	-0.3	-	6.40	-	0.13	728.50	727.25	732.16	733.00
62	Banks (9)	878.40	+0.3	4.37	6.05	46.57	0.00	875.43	875.94	882.37	796.25
65	Insurance (Life) (6)	1410.41	-0.5	-	6.06	-	0.00	1417.97	1412.21	1419.10	1331.59
66	Insurance (Composite) (7)	511.01	-0.4	-	8.53	-	0.00	513.26	512.75	517.27	629.85
67	Insurance (Brokers) (10)	997.62	-1.1	7.75	6.70	16.97	1.80	1008.55	1000.67	1010.12	996.28
68	Merchant Banks (7)	478.11	+0.4	-	4.48	-	0.00	476.10	472.42	471.00	362.74
69	Property (33)	771.61	-2.1	7.46	5.88	18.36	0.44	788.43	785.64	792.56	968.91
70	Other Financial (14)	241.86	+0.2	8.23	7.39	16.05	0.00	241.37	241.11	240.91	244.45
71	Investment Trusts (68)	1184.85	+0.1	-	3.68	-	1.66	1183.41	1183.50	1186.80	998.66
99	ALL-SHARE INDEX (654)	1218.83	-0.3	-	4.87	-	2.56	1222.88	1223.33	1227.84	1050.17

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 4	Feb 3	Jan 31	Jan 30	Jan 29	Year ago
FT-SE 100 SHARE INDEX♦	2547.1	-9.7	2569.1	2544.0	2556.8	2560.2	2571.2	2550.8	2546.5	2194.8

FIXED INTEREST

	PRICE INDICES	Wed Feb 5	Day's change %	Tue Feb 4	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	122.26	+0.08	122.17	2.01	1.07
2	5-15 years (26)	136.87	+0.23	136.55	1.84	1.97
3	Over 15 years (8)	148.45	+0.29	148.01	2.43	0.36
4	Irredeemables (6)	164.68	+0.53	163.81	2.68	0.00
5	All stocks (66)	134.84	+0.19	134.58	1.99	1.51
	Index-Linked					
6	Up to 5 years (2)	169.08	....	169.07	1.28	0.00
7	Over 5 years (9)	149.63	+0.01	149.62	0.59	0.63
8	All stocks (11)	151.18	+0.01	151.16	0.68	0.54
9	Debs & Loans (62)	118.77	+0.37	118.33	2.97	0.40

	AVERAGE GROSS REDEMPTION YIELDS		Wed Feb 5	Tue Feb 4	Year ago (approx.)
	British Government				
1	Low	5 years	8.74	8.73	9.68
2	Coupons	15 years	9.12	9.15	9.71
3	(0%-7¾%)	20 years	9.12	9.15	9.73
4	Medium	5 years	9.47	9.51	10.38
5	Coupons	15 years	9.20	9.24	10.03
6	(8%-10¾%)	20 years	9.15	9.18	9.96
7	High	5 years	9.70	9.74	10.53
8	Coupons	15 years	9.29	9.32	10.17
9	(11%-)	20 years	9.21	9.25	10.07
10	Irredeemables	†	9.32	9.36	10.00
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.92	3.91	3.99
12	Inflation rate 5%	Over 5 yrs.	4.29	4.28	4.22
13	Inflation rate 10%	Up to 5 yrs.	3.28	3.27	2.65
14	Inflation rate 10%	Over 5 yrs.	4.11	4.11	4.04
15	Debs &	5 years	10.92	10.96	12.44
16	Loans	15 years	10.67	10.71	12.13
17		25 years	10.49	10.53	11.84

♦Opening index 2569.1; 9 am 2564.1; 10 am 2552.5; 11 am 2554.9; Noon 2549.7; 1 pm 2551.3; 2 pm 2551.3; 2.30 pm 2551.7; 3 pm 2548.3; 4.10 pm 2544.1; (a) 8.30am (b) 4.11pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	53	1	26
Other Fixed Interest	5	2	10
Commercial, Industrial	268	270	942
Financial & Property	133	110	548
Oil & Gas	13	22	56
Plantations	0	0	9
Mines	24	39	87
Others	43	44	34
Totals	539	488	1,712

LONDON TRADED OPTIONS

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

● First Dealings Feb. 3
● Last Dealings Feb. 14
● Last Declarations May 7
● For settlement May 18

For rate indications see end of London Share Service shown on this page. Calls in B. Elliott, Bimec Inds., Conroy Petrlm., Cluff Res., Dowty and Racal Elec. Put in Forte. Put and call in Berkeley.

3-month call rate indications are shown on this page.

TRADITIONAL OPTION 3-month call rates

	p						
■ INDUSTRIALS		Charter Cons.	40	Ladbroke	17	Sears	7½
Allied-Lyons	35	Comm Union	35	Legal & Gen	31	SmKl Bchm A	78
Amstrad	3	Courtaulds	39	Lex Service	13	TI	42
Asec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½
BAT Inds	50	FKI	5½	Lonrho	17	Tesco	17
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65
BTR	31	Forte	19	Marks Spencer	22	T & N	11
Barclays	32	GKN	25	Midland Bank	18	Unilever	70
Blue Circle	22	Gen Accident	35	NatWest Bank	24	Vickers	11
Boots	33	GEC	22	P & O Dfd	34	Wellcome	75
Bowater	55	Glaxo	78	Racal Elect	4½	■ PROPERTY	
Brit Aerospace	27	Grand Met	71	RHM	18	Brit Land	28
British Steel	8	GRE	11	Rank Org	35	Land Sec.	38
Brit Telecom	24	Hanson	18	Redland	45	MEPC	31
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½

■ OILS	
Aviva Pet	1¼
BP	22
Burmah Castrol	42
[illegible]	7½
Gaelic Res	½
Premier Cons	3
Shell	37
Tusker Res	1
■ MINES	
RTZ	39

Investment of £21.75m will give telephone group 25% of NordicTel

Vodafone expands into Europe

By Michiyo Nakamoto

VODAFONE GROUP, the UK mobile telephone group formerly part of Racal Electronics, is investing up to £21.75m over the next two years for a 25 per cent stake in NordicTel Holdings, one of three Swedish groups licensed to operate GSM digital cellular networks for pan-European mobile communications.

The move is a further step in Vodafone's ambitions to expand its presence in western Europe.

It was able to obtain such a large stake in the Swedish company after an unnamed investor in the original consortium decided to back out.

Vodafone is initially paying £350,000 for an 18.9 per cent stake in NordicTel and a further £150,000 which gives it an option to take another 6.1 per cent stake on or before January 1 1995.

The other shareholders in the holding company are a Trelleborg subsidiary, Volvo and Spectra Physics, each with a 25 per cent stake.

The UK group will inject £8.75m into the consortium's shareholders' funds this year and £12.5m in 1993. The capital injections by the other shareholders will be on a pro rata basis.

Vodafone will relinquish its current 10 per cent holding in AB NordicTel, the operating company.

As a result, NordicTel Holdings will have 100 per cent ownership of the operating company, with Vodafone eventually controlling 25 per cent through its stake in the holding company.

The arrangement will also give Vodafone a 5 per cent stake in a Danish GSM digital cellular network which is 20 per cent owned by NordicTel Holdings.

NordicTel, along with Televerket, the Swedish national carrier and Comvik, an analog network, have licences in Sweden to operate the GSM digital cellular network, which will be a pan-European network.

There are more than 600,000 cellular phone users in Sweden but the current system can only be used throughout Scandinavia and is not pan-European.

Vodafone thus expects NordicTel to win over a substantial number of existing users when it starts to offer its service in September.

Vodafone, which has a 56 per cent share of the UK mobile telephone market, also has a 4 per cent stake in the second public sector licence in France, 80 per cent of an operator in Malta and 30 per cent of an operator in Hong Kong.

It is keen to expand particularly in Italy, which is likely to issue a second licence soon, and Germany, which has said it might issue a third licence.

See Lex

Delay in delivery of BIM documents

By Bronwen Maddox

MR KEVIN Maxwell had not responded to the court order to describe his dealings with the Maxwell companies' pension funds by early yesterday evening, as required by the court.

The provisional liquidators of Bishopsgate Investment Management, the company which managed most of the Maxwell pension funds, were waiting last night for delivery of documents from Mr Maxwell detailing his involvement with BIM and its assets.

Mr Neil Cooper, from Robson Rhodes, said last night "I am hopeful that we will have it tonight. There has been communication this afternoon with Mr Maxwell's solicitors. I am prepared to wait some time."

However, he added that considerable delay might not be acceptable – Robson Rhodes is due to question Mr Maxwell in court today and tomorrow, and needs the documents to prepare.

Last week Mr Maxwell lost his appeal against the December judgment of Mr Justice Hoffmann that he must answer Robson Rhodes' questions about the operation of BIM, of which he was a director.

He therefore became obliged to submit an account of his dealings with BIM and its assets by "close of business" yesterday.

Mr Maxwell had been arguing that he had a common law right to remain silent to avoid self-incrimination, but this was rejected as it was ruled that the Insolvency Act, under which BIM brought its claim, abrogated this privilege.

BIM was the manager and investment trustee of a common investment fund of about £700m established for the pension funds of many of the companies in the collapsed business empire of the late Mr Robert Maxwell.

It is now clear that at least £300m of pension fund money was diverted to prop up Mr Robert Maxwell's private companies.

Finance director resigns from troubled Attwoods

By Andrew Bolger and Bernard Simon

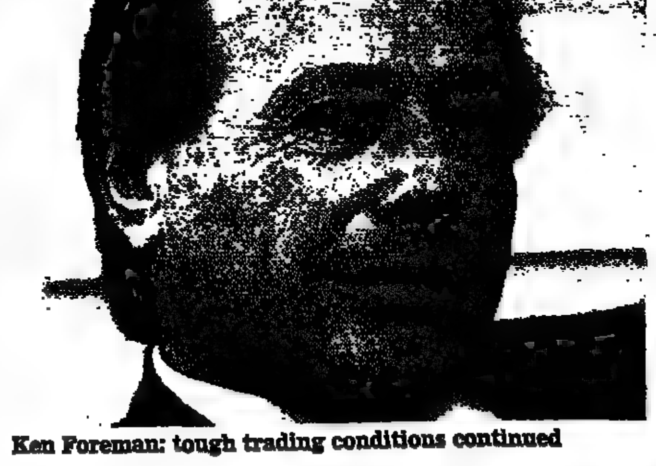
ATTWOODS, the waste management company which recently made a £80m rights issue to cut debt, yesterday announced the resignation of Mr Stuart Lee as finance director.

His departure had been widely expected following the deeply-discounted rights issue in October, which had to be revised after objections from institutional shareholders.

Attwoods admitted then that it had suffered a "credit crunch" after borrowing short-term funds to make acquisitions, and then failed to get borrowings rolled over when one of its US banks went under.

The board has appointed a finance committee chaired by Mr Les Haworth, a non-executive director of Attwoods who is also chief financial officer of Laidlaw, the Canadian waste management and school transport group that owns a 29.9 per cent stake in the British company.

Mr Haworth, a chartered accountant who was born and educated in Britain, will oversee the financial management of Attwoods until a new finance director is appointed, which is expected shortly.



Ken Foreman: tough trading conditions continued

Mr Ken Foreman, chairman and chief executive of Attwoods, said the group might appoint another non-executive director. Three Laidlaw executives joined the board after the rights issue, including Mr Donald Jackson, chief executive of the Canadian group.

Mr Michael Ashcroft, chairman of ADT, also stepped down as non-executive director. Laidlaw acquired its initial stake in Attwoods in 1989 from ADT, the Bermuda-based car auction and security group. Sir Denis Thatcher is expected to continue as deputy chairman.

Mr Foreman said trading conditions continued to be tough, although all but one of the group's divisions were ahead of last year's levels.

Attwoods said Mr Lee, who joined the group in 1990 from Pleasurama, had left to pursue other business interests.

Blenheim seeking £5.5m

Blenheim Group, the exhibitions organiser which also has trade publishing interests, has issued 1.35m new ordinary shares of 5p – about 1.5 per cent of the enlarged capital – to raise approximately £5.5m. The proceeds will be used for working capital.

The issue will be predominantly placed with institutional investors in France. Following its recent move to the Reglement Mensuel, the main French stock market, Blenheim is taking the opportunity to widen its shareholder base there.

Castletown falls to I£71,000

Castletown, the Dublin-based stationery and printing group, reported pre-tax profits of I£71,000 (£66,000) for the six months to October 31.

The decline from last time's I£114,000 came on turnover of I£1.72m (I£1.43m). Directors said, however, that a combination of recent acquisitions, restructuring, new management and exposure to UK markets should "generate a strong recovery in the second half".

A dividend of 0.9p (1.26p) is payable from fully diluted earnings of 1.76p (3.13p).

TV franchises were jeopardised by high bids, ITC minutes show

By Raymond Snoddy

YORKSHIRE TELEVISION and Tyne Tees Television were on the verge of losing their franchises because of bids that were feared to be too high, according to confidential Independent Television Commission documents.

Both companies were on a list of five "problem" decisions that were the subject of a second ITC staff assessment considered by Commission members in the franchise-awarding process.

The detailed assessment of the five companies concerned – Yorkshire, Tyne Tees, TVNI – an unsuccessful bidder for the Ulster franchise – TVS Entertainment, and Television South West – was available to the High Court when it heard the judicial review of the TSW decision. The court also had minutes of the principal ITC decision-taking meeting taken by Ms Caroline Gladstone, assistant secretary of the ITC.

The content of the documents was never revealed in open court. Yorkshire and Tyne Tees were referred to as "Company A" and "Company B". Counsel in the case started calling the group of high bidders "The Fearful Five".

It is believed that ITC's staff and its financial adviser, Hill Samuel, the merchant bank, recommended that neither Yorkshire nor Tyne Tees should regain their franchises. Yorkshire, in which Pearson, owner of the Financial Times has a 20 per cent stake, bid £37.7m compared with the rival White Rose bid of £17.4m. Tyne Tees bid £15.06m compared with North East TV's £5.01m.

The ITC minutes also suggest that TVS was not turned down because of its £59.75m bid, but because of uncertainties over MTM, its loss-making US production company.

The ITC said that although the bid was very high, it clearly had shareholder support. "That doesn't take account of the MTM factor," the minutes say.

Only one line is devoted to TSW, which lost its judicial review yesterday but which was given leave to appeal to the House of Lords. The minutes say that the staff recommendation (to turn down TSW) was supported.

ITC minutes clearly show how uncertain the regulatory body was about giving Yorkshire a new franchise. The fact that it was a large company was seen as a strength and it was suggested there would be extra cost savings because of the links with Tyne Tees. Yorkshire has a 20 per cent stake in its north-eastern neighbour.

Yorkshire may have been saved by the fact that Thames Television had lost and the ITC did not want to lose a second large network production company. The ITC declined to comment last night.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Jersey Phoenix Trust, SelecTV.

Finals- Fleming American Inv Trust, Lancashire & London Inv Trust, P&P.

FUTURE DATES

Interims-	
Howard Hldgs	Feb. 19
SWP	Feb. 20
Finals-	
Dunedin Inc Growth Inv	Feb. 26
Iceland Frozen Foods	Mar. 24
Scottish Eastern Inv	Feb. 18
Spring Ram	Mar. 25
TSN	Mar. 11

Expansion takes Steel Burrill into bloodstock insurance

By Richard Lapper

STEEL BURRILL Jones yesterday announced the acquisition of Nelson Steavenson Bloodstock, a specialist bloodstock insurance broker, for an initial consideration of £1m.

The deal is the latest of a number of acquisitions by SBJ, which is continuing a drive to reduce its initial dependance on marine reinsurance business.

SBJ will fund the purchase through the issue of 349,090 new ordinary shares.

Kleinwort Benson Securities has agreed to place 298,243 shares with institutional investors at 285p apiece.

The vendors will be entitled to receive a deferred consideration in April 1995 related to the level of profits earned in the three years to December 31 1994.

NSB, which specialises in the wholesale broking of risks related to bloodstock and domestic pets, employs 20 people and places the bulk of its business at Lloyd's.

Most of its bloodstock business is generated in the US. The company's brokerage income in the year to March 31 was over £1.8m, when pre-tax profits amounted to £153,000.

Net tangible assets at that date were £82,000.

Last December, in its biggest ever takeover, SBJ acquired Regis Low, a Lloyd's broker with a substantial energy, marine hull, and protection and indemnity account for £33.4m. SBJ also financed that deal with paper.

In November SBJ bought a 45 per cent stake in a newly-formed company to broke Australian and other overseas risks into the Lloyd's and London markets.

Northern Rock climbs 29%

By Chris Tighe

THE Newcastle-based Northern Rock Building Society yesterday announced record annual results with increases of 29 per cent, from £42.3m to £54.6m, in pre-tax profits, and from £3.4bn to £4.4bn, in assets.

In 1991 the society boosted net profits by 33 per cent to £36.6m (£27.5m), and mortgage lending by 45 per cent to £1.18bn (£814m).

The results, which lift the society two places to 11th in the current building society league table, underlined the contrast between the 1991 housing markets in north-east England, the focus of half its business, and in the south-east. Of its 138,000 mortgages, fewer than one fifth are in the south-east, but that region accounted for nearly half of its 515 repossessions last year.

The society said that its performance was enhanced both by the relatively low number of repossessions and the opportunity offered by rivals' cutbacks in lending to pick up good quality business. It also highlighted the success of its current and investment accounts, which attracted £442m (£237m) in retail receipts.

Mr Chris Sharp, managing director, said that strong asset growth coupled to firm cost control had reduced unit costs by 12 per cent; the management/expense ratio fell by 0.21 percentage points to 1.4 per cent. The free capital ratio, at 5.25 per cent, was one of the strongest in the industry, he said.

"In just about the worst housing market since the war, we are reporting our best-ever financial results," he said. "While other societies have had to repair the damage being done, we've not been as badly affected, and we've been adroit in both the mortgage and savings markets."

East German Inv net assets DM2.71

The East German Investment Trust yesterday reported a net asset value of DM2.71 per share at its December 31 period end.

The trust, formed to invest predominantly in unquoted companies located or operating in the former East Germany, came to the main market on February 25 last year via a placing by County NatWest Wood Mackenzie and Berliner Bank.

Net revenue for the period to end-December amounted to DM2.53m (£880,000) for earnings per share of DM0.0655. A dividend of DM0.05 is declared for payment on May.

Astra subsidiary follows parent into receivership

By Jane Fuller

FOLLOWING the appointment of Cork Gully as receivers to Astra Holdings, the munitions and fireworks maker being investigated by the Department of Trade and Industry, Astra's largest UK subsidiary has also gone into receivership.

BMARC, based in Lincolnshire, makes armaments, ammunition and pyrotechnics. Cork Gully said it aimed to find a buyer for the business as a going concern. It has been returned to profit at the operating level.

It was bought for £32m in May 1988, funded by a rights issue. But debt associated with the acquisition made the total cost impact nearly twice that, according to Mr Tony McCann, one of the company doctors running Astra prior to the receivership.

Soon after the BMARC purchase, Astra arranged a £50m credit facility with five banks. With debt stuck at close to that amount, recent attempts at a restructuring fell through and the banks called in Cork Gully.

About 75 per cent of Astra's business lies in the US, where operating profits have continued to be made through the period of upheaval at the parent company, which dates back two years to the discovery of difficulties with PRB, a Belgian acquisition that was never consolidated, and the descent into loss of the group.

The US subsidiaries have not been put into receivership. Cork Gully said this was to facilitate a "ring-fence" being put around them. Haley and Weller, a UK concern, has not been put into receivership either.

Greencore counts the cost

GREENCORE, the Irish sugar and foods group, yesterday spelt out in its 1990-91 annual report the high costs of the 1989 share deal affair which resulted in the resignation last september of Mr Chris Comerford, chief executive, and Mr Michael Tully, the company secretary.

A I£4m (£3.74m) exceptional provision was made in connection with High Court proceedings that have been initiated against the group by former executives.

Further proceedings may be initiated by the group against other parties following completion of the current reviews.

In addition, extraordinary charges of I£1.1m were taken in respect of estimated aggregate costs and expenditure payable to various professional advisers retained by the group throughout the period.

UK COMPANY NEWS

City flashes red as Amber Day succumbs to Green

Cheap, cheerful and profitable. **Jane Fuller** files a report from the bottom of the market

RUNNING A chain of discount stores in a recession sounds like a licence to print money. Amber Day, headed by Mr Philip Green, a "love him or hate him" type of businessman, seems to have borne out this theory.

Last year it more than trebled pre-tax profits to £10.1m thanks to the What Everyone Wants discount chain. WEW contributed an impressive £13.1m operating profit on £81m sales. Mr Green had bought the Glasgow-based concern in June 1990 from Mr Gerald and Mrs Vera Weisfeld – since departed because of a disagreement.

This year, with debt virtually wiped out by a rights issue and the loss-making menswear business discarded, Amber Day is forecast to add another £5m to pre-tax profits.

And yet the performance of the share price over the past couple of months has been dismal. After climbing to a peak of 129p in November, the price sunk as low as 71p last week. A recovery in the past few days has taken it to 88p, just above last June's rights issue level of 85p.

The company has been the subject of two bear raids, one after Mr Green's statement at the annual meeting that like-for-like sales were down a bit, the other after a rather more personalised whispering campaign.

Supporters of the stock insist that the group is telling a plausible success story, fuelled by growth in the discount sector.

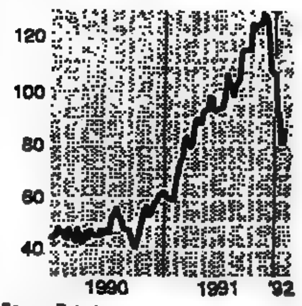
The background is amply described by County NatWest in its recent report on discount retailing. It presents the bustling UK high street of the 1980s as an aberration. "Trading up was a pervasive trend, with retailers becoming design- and marketing-led rather than buying- and price-led."

This left an increasing gap at the bottom of the market and it contrasted with other countries, particularly the US, "where price continued to be a potent weapon and a multiplicity of new discount formats emerged".

WEW, which has been going for about 20 years, has exploited that basement gap through its concentration on low costs, buying power and high sales volume.

Amber Day

Share price (pence)



Source: Datastream

Going round WEW shops, which have the bargain-appeal of a street market but are laid out like a department store, it is easy to see why customers come: two thirds of the items are priced at less than £10. But how can an operating margin of 16 per cent be delivered at this level?

The low-cost element of the formula revolves around the sites and the staff.

Mr Graham Coles, finance director, says shop rents have accounted for less than 2 per cent of sales – as with Kwik Save and Marks and Spencer – compared with up to 18 per cent at some high-street boutiques.

WEW shops are edge-of-centre and a third are either freehold or long lease. The large floorspace reduces the average rent per sq ft and the amount of selling space is maximised.

Staffing numbers are kept flexible through the use of part-timers. At the recently opened store in Coventry, for instance, the weekly wage bill before Christmas was £5,200; in January it was cut to £2,200.

On the buying side, Mr Green has long been combing the Far East for cheap goods. "I've been going there since 1975 and I understand everything from buying the fabric to putting the zippers in. I have a lot of knowledge of what the intrinsic cost is."

Importing directly from the manufacturer, buying in bulk and having the cash to close a deal quickly all play their part.

Once the goods arrive in the shops, the emphasis is on shifting them. "The stock room is a dirty word in this business," says one area manager.

But although sales volume is an obvious ingredient, the emphasis since Mr Green took over has switched to the bottom line. Indeed last year's sales of £81m were only £6m ahead of the 1989-90 figure, even though the number of shops went up from 36 to 44 (now 51). Profit, on the other hand, roughly doubled.

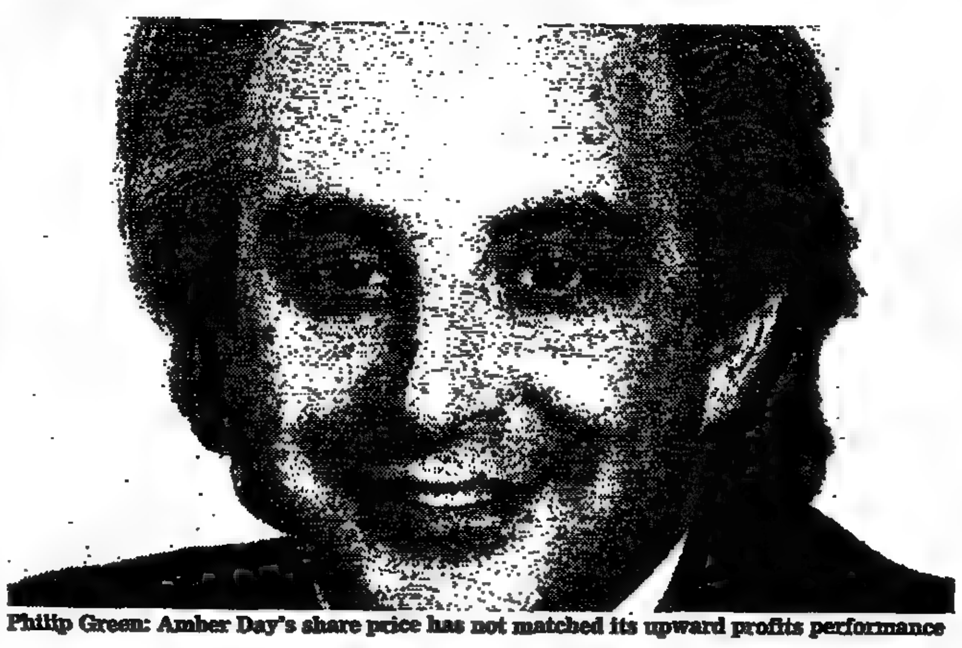
Mr Green says: "When I bought it, the gross margin was 27 per cent, stock loss (mainly theft) was 7 per cent, and mark-downs 10 per cent. I won't say what the gross margin is now, but it's obviously better. We've halved the stock loss and mark-downs are only 4 per cent."

So why the continued scepticism, manifesting itself not only in the vulnerability to bear raids, but also in a lack of coverage by some of the main retail analysts?

Part of the answer lies in Amber Day's history, or lack of it.

In 1987, a consortium including Mr Irvine Sellar, whose property company Ford Sellar Morris recently failed, injected £2m into Amber Day Holdings, a loss-making clothes maker and importer.

The following year, Mr Green came in with the backing of Mr Tony Berry, fellow Tottenham Hotspur fan and then still head of Blue Arrow. Mr Green invested proceeds from the sale of his Jean Jeanie business and Blue Arrow took a 10 per cent stake – promptly sold after Mr Berry's resignation in 1989.



Philip Green: Amber Day's share price has not matched its upward profits performance

One of the first moves was to buy the Review menswear shops from Mr Sellar's company for £5.5m. Review and Woodhouse, another acquisition, fell into losses of £300,000 last year (after a couple of years of profits) and were sold in December for £750,000. One analyst remarked icily that the sliding performance of these shops suggested that Mr Green was "not such a brilliant retailer".

Amber Day also had a tilt at Moss Bros in 1989, but was brushed off rather sniffily.

After that thwarting, Mr Green's set his sights on WEW. A 5-for-8 rights issue at 45p per share raised just over £13m towards the £46.7m purchase – twice the market value of Amber Day.

Not surprisingly, a 1-for-3 rights issue was launched last June to raise £24.4m to cut debt.

The effect is that in less than two years, Amber Day has mounted a big money-raising exercise in order to relaunch itself as What Everyone Wants. Hence the truncated track record.

To try to improve the group's credibility, Mr Green has changed auditors – from Stoy Hayward to Coopers & Lybrand Deloitte; changed brokers – from Laing & Cruickshank to Smith New Court – and appointed a finance director.

But he remains chairman and chief executive, an out-of-fashion combination that has helped fuel a fear he might be the next Gerald Ratner.

For the future, questions revolve partly around the sustainability of profits growth in discount retailing. Competition has intensified from more upmarket high-street retailers, which keep putting on sales, and from several regional discount chains.

As for margins, with price as the main competitive weapon, the potential pressure is clear.

Others suspect that the bigger WEW gets, the less easy it will be for it to make use of "opportunity buys" – ends of lines, cancelled orders, fire-sale batches from receivers. Mr Green argues that that type of deal only provides a few per cent of group sales these days.

The final question goes back to the recession. When the UK comes out of it, will some of WEW's customers trade up again? Mr Green says: "Why will people pay more just because someone tells them the recession is over?"

As these imponderables swirl around, some scepticism is bound to persist about the company. It is worth remembering that because of the extra shares in issue, it must raise pre-tax profits by 26 per cent this year just to keep earnings in line with last year's 7.05p. This excludes an extraordinary charge that will be taken for the menswear business disposal.

One thing is certain, however. Mr Green is the just the sort of man who would love to prove the sceptics wrong.

Alphameric launches package in order to continue trading

By John Murrell

DIRECTORS of Alphameric yesterday put forward a three-pronged financial package aimed at helping the loss-making electronic data processing equipment group continue to trade.

They warned that if the proposals were not approved and implemented it was, in their opinion, "unlikely that the group will be able to continue to trade." They added that as a result, it was "doubtful that there would be any assets for distribution to shareholders."

The group is calling for:

- £4.3m net via a placing and open offer of 20.62m new shares at 23p each. The shares have been conditionally placed with institutions with a clawback for qualifying shareholders on an 11-for-2 basis.
- A reorganisation of the ordinary capital entailing the consolidation of 30 existing 5p shares into one new ordinary share with a nominal value of 150p and then sub-dividing each consolidated share into one new 2.5p ordinary and one deferred share of 147.5p. Each new ordinary will have the same rights as those attaching to the existing shares.
- A capital reduction via the cancellation of the deferred and special redeemable shares together with cancellation of the amount remaining in the share premium account following payment in full of the new offer shares.

The cancellations would result in the creation of a separate reserve amounting to £20.5m against which the company would be able to write off the £15.4m deficit on its profit and loss account and set off goodwill arising on consolidation.

The convertible preference share capital, currently owned by 3i Group, is also subject to changes.

The proposals are subject to approval by shareholders at an extraordinary meeting convened for February 28 and the High Court.

The group also reported a loss of £377,000 (£1.75m) pre-tax for the six months to end-September after taking account of an exceptional credit of £1.12m which arose from the sale of the financial systems division.

Turnover from continuing activities totalled £1.44m (£3.89m). Losses per share emerged at 0.3p (1.7p).

The shares closed 1¼p lower at 1p.

NEWS DIGEST

Court to rule on Nadir suit

A HIGH COURT judge will rule today on a bid by Mr Asil Nadir, the former chairman of Polly Peck International, the electronics and fruit group, to halt the £378m civil action against him pending the outcome of his trial on criminal charges.

The civil suit was launched last October by the administrators of Polly Peck in a bid to recover money allegedly misappropriated from the company by Mr Nadir, who is also facing 76 criminal charges of theft and false accounting.

Mr Nadir denies the charges and said he has a "complete defence" to the civil action. The court has heard that the criminal trial is expected to start early next year.

Raglan losses cut to £0.69m

Pre-tax losses at Raglan Property Trust were cut from £1.33m to £685,345 over the half year ended September 30. The figures reflected a reduction in exceptional provisions from £3.65m to £405,341.

The exceptionals related to amounts written off properties and fees in connection with the agreement between the company and its three main bankers.

In November 1991 Raglan reported that its lending banks had confirmed its request for continued support to March 31. In the absence of any other funding this support would be required after March 1992, the company added.

Turnover showed a sharp improvement at £8.22m (£2.15m). Losses per share worked through at 0.4p (1.9p) and net assets per share at period-end stood at 0.7p (1.1p).

British Thornton in the black

British Thornton Holdings, a manufacturer of educational and scientific furniture, returned profits of £20,000 pre-tax for the half year to October 31.

The result, which compared with previous losses of £413,000, was achieved from turnover of £1.1m (£354,000) and excluded benefits from acquisitions made in October.

Earnings per share emerged at 0.1p (losses 1.2p). Directors expect to pay a maiden dividend following the full year results.

The group moved from the USM to a full listing in October. With the proceeds of last year's rights issue, positive cash flow and a strong balance sheet it is actively seeking acquisitions to expand its core businesses.

British Gas in French joint venture

British Gas has formed a 50/50 joint venture with Sade, a French project management and construction company.

Sade is a subsidiary of Compagnie Generale des Eaux, which is largely involved in services to the water industry.

The new company will trade under the name of Temare (Technologie de Maintenance de Reseaux). It will allow British Gas to market its high technology pipe maintenance services to the French water industry. Initially Temare will be involved only in swagelining, a system of rehabilitating pipelines by inserting a close-fit polythene liner.

Whessoe (Ireland) sold to management

Whessoe, the engineering group, has sold its Whessoe (Ireland) subsidiary to Mr Martin McEvoy, it managing director, for a total consideration of I£705,000 (£650,000) cash, of which I£105,000 will be paid within the next five years.

The sale follows the closure in 1989 of Whessoe's other heavy engineering fabrication facilities at Darlington and Middlesbrough.

Hambros Currency net revenue lower

Over the six months to December 31, Hambros Currency Fund showed a slight decline in net revenue from £1.51m to £1.39m. Operating income for the period was made up of £1.43m investment income and £101,000 call deposit interest, compared with £1.51m and £146,000.

In accordance with normal policy dividends have not been paid. Therefore income will be accumulated by the company and reflected in the price of participating shares.

The company is an open-ended investment vehicle issuing and redeeming participating redeemable preference shares in sterling, dollars and D-Marks at their net asset value. It is registered in Guernsey.

PUBLIC WORKS LOAN BOARD RATES
Effective February 5

	Quota loans*		
Years	EIP†	A††	maturity§
1			10¼
Over 1 up to 2	10¼	10¼	10¼
Over 2 up to 3	10¼	10¼	10⅛
Over 3 up to 4	10⅛	10⅛	10⅛
Over 4 up to 5	10⅛	10⅛	10⅛
Over 5 up to 6	10⅛	10⅛	10¼
Over 6 up to 7	10⅛	10⅛	10¼
Over 7 up to 8	10⅛	10⅛	10⅜
Over 8 up to 9	10⅛	10¼	10⅜
Over 9 up to 10	10¼	10¼	10⅜
Over 10 up to 15	10⅜	10½	10½
Over 15 up to 25	10½	10½	10⅜
Over 25	10⅜	10⅜	10⅜

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LEGAL NOTICES

The Trade Marks set out below were assigned on: 3rd September 1990.
by: COOK BATES COMPANY, INC.
to: LRC NORTH AMERICA, INC.
Without the goodwill of the business in the goods for which the trade marks are registered

Trade Mark No:	Mark	Goods Specification:
807581	Diamon-Deb	Cosmetics
806978	Diamon-Deb	Nail files, Nail Clippers, and Nail Dressers being hand implements included in class 8
1091546	Kur-Lash	Cosmetics and non-medicated toilet preparations, all for the eyelashes

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS

EXODUS SALES & DISTRIBUTION LIMITED

[illegible]

NOTICE OF EARLY REDEMPTION

J.P. MORGAN & CO. INCORPORATED

US$125,000,000
10% Notes Due 1999

NOTICE IS HEREBY GIVEN that, pursuant to the Terms and Conditions of the Notes and the provisions of the Fiscal Agency Agreement dated March 9, 1989, J.P. Morgan & Co. Incorporated will exercise its option to redeem all of its 10% Notes Due 1999 (the "Notes") on March 9, 1992 at a redemption price of 100% of the principal amount thereof, plus accrued interest to March 9, 1992.

On March 9, 1992, the Notes will become due and payable upon presentation and surrender thereof at any of the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Frankfurt and Paris and at the offices of Swiss Bank Corporation, 1 Aeschenvorstadt CH-4002 Basle and Banque Paribas Luxembourg, 10A Boulevard Royal, L-2093, Luxembourg, together with all unmatured interest Coupons, attached thereto or surrendered therewith, failing which, the amount of any missing unmatured interest Coupon will be deducted from the sum due for payment. All unpaid interest Coupons which have matured on or prior to March 9, 1992 shall continue to be payable to the holders upon presentation thereof. Payments will be made, subject to any applicable laws and regulations, at the option of the holder, by dollar cheque drawn on a bank in New York City or by transfer to a dollar account maintained by the payee at a bank outside the United States. No payment will be made by transfer to an account in, or by mail to an address in the United States, except as may be permitted by United States tax laws and regulations in effect at the time of such payment without adverse tax consequences to the Issuer.

Notes will cease to bear interest from and after the redemption date and shall become void.

J.P. MORGAN & CO. INCORPORATED
By: Morgan Guaranty Trust Company
as Fiscal Agent

Dated: February 6, 1992

NOTICE OF REDEMPTION

To the Holders of

INTERNATIONAL PAPER COMPANY

US$100,000,000 10½% Notes Due 1993
(the "Securities")

NOTICE IS HEREBY GIVEN that, International Paper Company (the "Company"), pursuant to Section 4(a) of the Terms and Conditions of the Securities (the "Terms"), will redeem all outstanding principal amount of the Securities on March 15, 1992 (the "Redemption Date") at one hundred and one percent (101%) of the principal amount of such Securities to be redeemed plus accrued interest to said date (the "Redemption Price"). From and after the Redemption Date, interest will cease to accrue on the above-designated Securities. The Securities should be presented for payment of the Redemption Price on or after March 15, 1992 together with all coupons appertaining thereto maturing after the Redemption Date, failing which the amount of any missing unmatured coupons will be deducted from the sum due for payment, at the option of the holder to the Fiscal and Paying Agent (the "Agent"): Morgan Guaranty Trust Company of New York, London office or at the offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, Paris or Tokyo or at the office of Amsterdam-Rotterdam Bank NV in Amsterdam, the Netherlands, Societe Generale Alsacienne de Banque in Luxembourg or Swiss Bank Corporation in Basle, Switzerland and, for the purposes of payment of principal and premium only, at the New York office of Morgan Guaranty Trust Company of New York.

In accordance with the Terms, the call for redemption shall be of no force and effect unless the Company shall have deposited with the Agent funds sufficient to pay the Redemption Price on the Securities called for redemption.

INTERNATIONAL PAPER COMPANY
By: Morgan Guaranty Trust Company
as Agent

Dated: February 6, 1992

COMMODITIES AND AGRICULTURE

Germany's agricultural income falls by 16%

By Quentin Peel in Bonn

GERMAN AGRICULTURE suffered a 16 per cent drop in income in 1990-91 and most full-time farmers face the prospect of no improvement in the current year, according to the government's latest annual agricultural report.

However, a recovery in both output and prices for cereals, rapeseed, potatoes and wine should mean an overall improvement in farm incomes of between 5 and 10 per cent, to claw back some of the losses, Mr Ignaz Kiechle, the agriculture minister, said yesterday.

In spite of all the European Community rules, agricultural incomes in Germany are still determined primarily by market forces, he said. Pigmeat prices were good, because there was no over-supply, whereas beef prices were falling because surpluses were piling up in the warehouses. The only way to ensure a lasting improvement in farm incomes was to bring order to the markets, he said.

The other black spot for German agriculture was the virtual collapse of production and employment in the former East Germany, although reliable output statistics have yet to be produced. As far as farm jobs in the east were concerned, only 300,000 out of a former workforce of 850,000 still had jobs on the land at the end of 1991, and 158,000 of those were on short-time: most of the latter are likely to be declared unemployed in the coming months.

The relatively cautious pessimism of the annual report, and its forecasts for the present year, were immediately condemned by the German Bauernverband, the farmers' union, as over-optimistic. The economic situation in many agricultural enterprises in the former East Germany, in particular, it described as "catastrophic".

The union estimated the drop in incomes at 21 per cent, and forecast that incomes for the animal feed-based sectors – including dairy, fatstock, and sheepmeat – were more likely to fall this year than rise.

Mr Kiechle said in his report that the number of agricultural enterprises in Germany fell by 5.5 per cent in 1991, to about 595,000, compared with a four-year average since 1987 of 3.4 per cent per year. Full-time farms now account for slightly less than half of all enterprises, and German agriculture remains dominated by small units, even where they are full-time operations. The average size of full-time farms was 31.4 hectares, and of part-time operations 19.1 hectares.

The minister avoided any comment on the current Uruguay round of negotiations in the Genral Agreement on Tariffs and Trade, over which he has been fighting a rearguard action to ensure open-ended income support for German farmers, in place of price subsidies. The German government remains split between Mr Kiechle and Mr Jürgen Möllemann, the Economics Minister, who is pushing for greater concessions on agriculture to ensure a successful outcome to the negotiations.

Mr Kiechle has managed to protect his farmers this year, by negotiating additional income support measures to replace the 3 per cent VAT rebate (an exclusively German national measure), which expired at the end of 1991.

Australian barriers 'putting off explorers'

By Emilia Tagaza in Canberra

PROBLEMS IN exploration access, together with various barriers to investment, have made Australia a less attractive target for an overseas-based minerals explorer and developer, according to an executive of the Australian miner, MIM Holdings.

Mr Ken Dredge, executive general manager of MIM Holdings (Lead and Zinc), yesterday said 26 per cent of Australia's land mass is closed to mineral exploration through either environmental or aboriginal claims. A further 22 per cent is under claims for further restriction.

Access to large land tracts at minimal costs is essential for successful exploration. For every 1,000 initial explorations, roughly 100 warrant further detailed work and just 10 are drilled. "Limiting access to land only increases these odds," Mr Dredge said.

Speaking at an annual conference of the Australian Bureau of Agricultural and Resource Economics, Mr Dredge noted the uncertainties in the country's investment rules. He cited the A$2bn (£830m) coal development project of Utah Development Company in Bowen Basin in the late 1960s. Shortly after the project started turning in handsome returns following energy price rises in the early 1970s, the Australian government introduced a special duty on open cut coal production and a regime of rail freights for subsequent export coal projects that incorporated additional royalties.

Last year's federal government decision to refuse approval for gold and platinum mining at Coronation Hill also illustrated the present mineral investment environment. "The uncertainty and confusion created by such decisions resulted in Australian miners spending increasing proportions of their exploration budget overseas," Mr Dredge said.

Chinese buying 'to underpin copper prices'

By Kenneth Gooding, Mining Correspondent

THE CHINESE have returned to the London Metal Exchange as substantial buyers of copper and this should help to underpin prices, suggests Carr Kitcat & Aitken, part of the Banque Indosuez Group.

"With the western world market copper surplus in 1992 estimated at only about 120,000 tonnes, renewed Chinese buying could see this surplus narrow considerably," which should limit the downside for prices to about 90 cents a lb in the next few months and contribute to an improvement thereafter," says analyst Mr Robin Bhar in Carr's latest Metal Markets Insight.

He forecasts that copper's price will average $1 a lb in 1992.

Mr Bhar points out that copper has been in short supply in China for many years. Whereas

Chinese Supply Balance ('000 tonnes)

	Prod.	Cons.	Balance
Copper			
1987	450	520	−70
1988	470	600	−130
1898	540	680	−140
1990	560	780	−220
Aluminium			
1987	723	600	+123
1988	770	630	+140
1989	800	700	+100
1990	850	780	+70

Source: World Bureau of Metal Statistics, CNNIEC and Carr Kitcat and Aitken estimates

between 1989 and 1990 output of aluminium rose by 14 per cent, that of lead by 15 per cent and that of zinc by 16 per cent, copper production was up by only 3.5 per cent.

"A continued need to import copper is therefore highly likely," he suggests. The shortfall in copper supply was projected by CNNIEC, the government's import-export agency, to reach 220,000 tonnes in 1990.

Whereas annual aluminium production capacity is expected to reach 1.3m tonnes by 1993, from 850,000 tonnes in 1990 and an estimated 1m tonnes last year, copper smelter capacity is expected to be only 665,000 tonnes by 1993, up from 560,000 in 1990.

Mr Bhar says the first signs that the Chinese had started importing copper again emerged in July last year when unexpected stock falls were attributed to merchants shipping copper to China. That country was expected to take between 50,000 and 100,000 tonnes in the following 12 months.

Chile Copper Corporation (Codelco) provided confirmation a few weeks ago when it indicated it was receiving heavy orders from China. Codelco sold more than 15,000 tonnes in January this year and expects to sell a similar tonnage in February, says Mr Bhar.

He says there have also been suggestions that China has been importing nickel and this might be reflecting problems caused by the flooding and cave-in at its main, 20,000 tonnes a year nickel mine at Jinchuan.

Metal Market Insight, £700 for six issues (available only as part of a subscription to the metals service) from Carr Kitcat & Aitken, One London Bridge, London SE1 9TJ.

Venezuelan smelter plans on hold

Joe Mann on the country's response to low aluminium prices

VENEZUELA'S ambitious plans to expand its aluminium smelting capacity from the current level of 644,000 tonnes a year to more than 2m tonnes a year by the turn of the century have been stymied by world market conditions. Excess production and a flood of shipments from the cash-hungry former Soviet Union had forced prices to historic lows before they rallied last month.

The situation looked particularly grim late last year after Alcoa and Austria Metall advised the Venezuelan government that they had decided to "suspend" plans to invest in two aluminium smelters that would have added more than 330,000 tonnes to Venezuela's annual smelting capacity.

In spite of this, the government of President Carlos Andres Perez and Venezuelan aluminium industry executives believe that some important smelting projects will be developed here over the short and medium term. "I expect that the next one or two large international aluminium smelters will be built in Venezuela," said Mr Miguel Rodriguez, Venezuela's minister of planning and chief strategist of its economic reform programme.

Mr Rafael Rodriguez Pulido, president of Venezuela's oldest aluminium producer, Alcasa, commented: "The Venezuelan aluminium industry is losing money because of the cyclical nature of the world aluminium industry. But this doesn't mean that the industry is a bad investment, especially here".

Two other projects to build large smelters, involving investors from Europe, Korea and the US, are still nominally alive but there has been no word on whether they will go ahead. However, Alcoa has taken pains to tell the Venezuelan government that its project is not dead and that it will be reviewed on a regular basis.

Venezuela's state-controlled aluminium sector closed 1991 with mixed results. The country's two large smelters – Alcasa and Venalum – lost a total of about US$89m last year. But Venezuela's bauxite mine, Bauxiven, last year increased production by 172 per cent to 2.1m tonnes, after years of delays in raising production levels. Interalumina, the country's producer of alumina (aluminium oxide), raised production capacity to 2m tonnes a year and said it would post a profit for 1991.

Venalum, Venezuela's largest smelter, registered its first loss in 1991, of about $39m, while Alcasa, a profitable company since 1982, expects its 1991 losses to reach about$50m. Venalum's red ink was due to lower world prices for primary aluminium, while Alcasa's deficit was caused by a combination of weak prices and high financing costs on its domestic debt.

Venalum's equity is held by the Venezuelan government (80 per cent) and six Japanese companies (Showa Denko, Kobe Steel, Sumitomo Chemical, Mitsubishi Material, Mitsubishi Aluminium and Marubeni) which have a total of 20 per cent.

Alcasa is 92.1 per cent owned by the Venezuelan government and 7.9 per cent by Reynolds International.

Both companies are taking steps to improve their financial situations during 1992, including a variety of cost cutting measures. In Venalum's case, the company plans to reduce personnel by 24 per cent to about 3,100. Alcasa says it will raise efficiency at its plants and work out a plan to lower financing charges.

Alcasa must work much harder than Venalum to improve production efficiency. The latter is a relatively new plant, having started production on the first of its five production lines in 1978. But three of Alcasa's four pot lines were put into production between 1967 and 1978 and are less efficient than newer lines.

Despite adverse market conditions in 1991, Venezuelan smelters did not cut production significantly. Venalum, with installed smelting capacity of 430,000 tonnes a year, produced 395,600 of primary aluminium last year, down 0.04 per cent from 1990. Alcasa, with installed smelting capacity of 214,000 tonnes a year, produced an estimated 210,000 tonnes of primary aluminium, up 4 per cent from 1990. Alcasa also has 42,000 tonnes in rolling capacity for products.

Venalum projects production of 401,000 tonnes this year, and Alcasa is aiming at at 220,000 tonnes.

About 70 per cent of Venalum's production is exported to to Japan, while Alcasa exports 40 per cent of output to a variety of international clients. Both companies own shares in downstream aluminium producers outside Venezuela.

Bauxiven, which is wholly-owned by the government, expects bauxite production this year to exceed 3.5m tonnes.

Interalumina (owned 98.3 per cent by the Venezuelan government and 1.7 per cent by Alusuisse) says that output will depend on demand. Interalumina in the past has regularly produced at above its installed capacity.

Critics of Venezuela's aluminium sector say that the two large smelters should have performed better last year, even in the face of weak prices. Alcasa and Venalum enjoy comparative advantages such as low-cost hydro-electic power and labour, plus supplies of alumina and bauxite from nearby sources.

Industry officials say that they are working hard to make Venezuelan smelters more efficient. And, they note, the government eliminated export incentives in 1989-90, thus forcing Venalum and Alcasa to compete on real terms internationally.

Executives at Venalum and Alcasa also point out that Venezuela still offers strong comparative advantages to aluminium companies. These include hydro-electric power at a cost ranking among the lowest worldwide; large deposits of high-grade bauxite plus the capacity to produce 2m tonnes of alumina a year; years of experience in smelting and in making aluminium products; a network of downstream aluminium users in Venezuela and overseas (in which Venezuelan smelters are equity partners); and a good location for reaching world markets.

Mr Enrique Castells, former president of Venalum and now a management consultant on aluminium, said that the decline in aluminium prices "is good for Venezuela" since it will force the sector "to get into shape". Moreover, rather than halting new spending on smelting capacity, he said, "smart investors should be investing now in new plants".

"The current price situation should force many high-cost producers out of the market, and new, low-cost smelters should be started now in order to take advantage of demand increases when the price cycle bottoms out".

Review cuts Russian oil exports

By Deborah Hargreaves

THE RUSSIAN government's review of export licences helped cause a drop in oil exports of some 400,000 barrels a day in the first three weeks of January, the International Energy Agency, the west's energy watchdog, said.

Exports slipped to 600,000 b/d after dropping in December to 1m b/d from 1.1m b/d in November, according to the IEA's latest monthly oil market report. Russia said it would review export licences at the end of November and many shippers are still awaiting the award of licences for this year.

This has seen tankers which are waiting to load crude oil and products, having to face abnormally long delays, particularly at Black Sea ports.

The IEA said that estimates of oil production in the former Soviet Union in December ranged from as low as 9.4m b/d to 9.75m b/d.

The IEA said world oil demand for the first quarter of the year, is projected at 67.9m b/d – 400,000 b/d above the level in the same period last year. The agency estimated production by the Organisation of Petroleum Exporting Countries at 24.3m b/d in January – a decline from December's level of 24.4m b/d, which was the organisation's greatest output for 11 years.

Meanwhile, Dr Subroto, Opec secretary general, said the organisation's production was running at 24.2m b/d after nine members cut output by 415,000 b/d. He estimated that world oil demand would fall in the second quarter by 1.8m b/d to 64.68m b/d.

Oil prices were unmoved by the production forecasts and North Sea Brent crude added 5 cents at $18.25 a barrel. The market has remained fairly stable this week as traders remain optimistic that Opec will agree to cut output at its meeting next week in order to buoy prices.

In addition, Iraq's decision to break off talks with the United Nations over the sale of its oil, makes the prospect of an Iraqi return to the market this year even more remote.

American Barrick plans another Nevada gold mine

By Bernard Simon in Toronto

AMERICAN BARRICK is to build a new underground gold mine, with output of 400,000 ounces a year, adjacent to its Goldstrike property in Nevada.

The fast-growing, Toronto-based company said yesterday it expected the new Meikle mine to be in full production by 1996. Thanks to the infrastructure already in place at Goldstrike the capital cost of building the mine will be a relatively modest US$180m.

American Barrick also yesterday announced another year of record profits in 1991, thanks to rising production from Goldstrike and its active hedging programme. Last year's net earnings were US$92.4m, or 68 cents a share, up from $58.2m, or 45 cents a share, in 1990. Revenues surged to $344.7m from $251.6m.

Hedging enabled Barrick to obtain an average price of $438 a troy ounce last year, compared with the Comex price of $362 an ounce.

Barrick's share of output from its five existing mines in the US and Canada jumped by a third last year to 789,800 ounces. The contribution from Goldstrike, which is set to become North America's biggest gold producer, rose to 546,146 ounces, from 352,880 ounces.

Total output is expected to climb to 1.2m ounces this year. Mr Bob Smith, the company's president, predicted yesterday that production could double by the end of the decade.

The new Meikle mine, which will be located one mile north of Goldstrike on the Purple Vein deposit, is expected to have a life of 11 years. Its operating costs are estimated at $125 an ounce.

The Meikle development and an agreement with Newmont Gold to develop the nearby Lower and Deep Post orebody have led Barrick to raise its gold reserves estimate by 25 per cent to 25.8m ounces.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold closed lower on the London bullion market in generally dull trading. Dealers saw little incentive for the market to break out of the $354 to $360 a troy ounce range ahead of next week's Comex options expiry. Platinum eased as light profit taking emerged after this week's gains. London cocoa prices dipped to fresh five-month lows in early trading before recovering some of the losses. "We've seen fund selling, although there was some very scattered industry buying in the nearbys," said one dealer. In New York orange juice futures were sharply lower at midday. "The market is weighed down on expectations that the USDA will revise the early and midseason orange estimate upwards, on preliminary estimates the 1992-93 Brazilian orange crop will be larger than expected and on technical factors," said one analyst. London robusta coffee prices moved ahead. Dealers said the market appeared to have experienced a technical correction after being oversold recently, with interest focused on the March contract switching from the sterling contract to dollars. In contrast New York arabicas were at new lows by midday. Analysts said renewed pressure reflected bearish sentiment toward both fundamental and technical factors.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.55-5.60	+.325
Brent Blend (dated)	$18.55-8.60	+.225
Brent Blend (Mar)	$18.45-8.55	+.25
W.T.I. (1 pm est)	$19.50-9.60	+.475
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$205-207	+3
Gas Oil	$176-177	-1
Heavy Fuel Oil	$65-66	
Naphtha	$184-186	
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$353.85	-2.45
Silver (per troy oz)♣	417.0c	
Platinum (per troy oz)	$359.50	-1.95
Palladium (per troy oz)	$85.75	-1.05
Copper (US Producer)	101.73c	
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.81r	
Tin (New York)	254.25c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.34p	-0.13
Sheep (live weight)†♠	102.70p	-0.39
Pigs (live weight)†	95.96p	+3.96
London daily sugar (raw)	$198.3y	+0.3
London daily sugar (white)	$264.5y	+0.5
Tate and Lyle export price	£215.0	
Barley (English feed)	£123z	
Maize (US No. 3 yellow)	£147z	
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	50.25p	
Rubber (Apr)♥	50.50p	
Rubber (KL RSS No 1 Feb)	214.5m	
Coconut oil (Philippines)§	$730.0y	-10.0
Palm Oil (Malaysian)§	$380.0q	-2.5
Copra (Philippines)§	$487.5	-2.5
Soyabeans (US)	£149.0	-0.5
Cotton "A" Index	57.60c	+0.85
Wooltops (64s Super)	411p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	181.40	178.20	181.40 177.80
May	181.60	178.20	181.40 178.20
Aug	185.60	181.80	182.40 181.80
Oct	186.00	182.40	184.00 182.00
White	**Close**	**Previous**	**High/Low**
Mar	263.2	261.5	262.5 260.5
May	266.7	264.5	266.0 263.9
Aug	270.5	268.5	270.0 268.5
Oct	260.5		259.4 258.7
Dec	261.7		260.0

Turnover: Raw 1419 (1614) lots of 50 tonnes. White 1294 (1965)
Paris- White (FFr per tonne): Mar 1422.57, May 1455.60

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Mar	18.50	18.30	18.55 18.27
Apr	18.40	18.21	18.41 18.20
May	18.34	18.22	18.36 18.15
Jun	18.33	18.19	18.33 18.11
Jul	18.18	18.10	18.18 18.05
Sep	18.28		18.28 18.08
Oct	18.28		18.28 18.10
IPE Index	18.22	18.17	18.22

Turnover 10000 (19587)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Feb	173.50	173.00	175.25 172.75
Mar	171.50	170.00	172.00 170.50
Apr	167.75	166.50	169.25 167.25
May	166.50	164.50	167.00 165.75
Jun	168.00	165.50	167.50 166.75

Turnover 13631 (11064) lots of 100 tonnes

WOOL

After an uncertain start to this week's Australian wool sales, prices have moved steadily ahead. Strength is again most apparent in middle and broader categories. New Zealand wool was also dearer for practically all categories in the crossbred offering there, by around 5%. After a slow start to the second half of the selling season demand appears to be picking up and clearances to the trade have improved. The Australian Wool Corporation's market indicator reached 585 on February 5, some 4 cents higher than a week ago, after softening to 576 on February 3.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	688	696	698 685
May	721	724	727 715
Jul	746	750	752 740
Sep	774	774	774 765
Dec	808	806	807 795
Mar	835	837	836 827
May	853	855	854 850
Jul	873	874	873 869
Sep	891	891	888 884
Dec	915	917	915 910

Turnover: 10990(14550) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.4 872.03 (891.93) 10 day average for Feb.5 902.79 (907.04)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Mar	861	873	890 860
May	892	890	904 890
Jul	911	906	920 911
Sep	934	926	940 930
Nov	960	946	962 958

Turnover:4440 (4058) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 4 : Comp. daily 56.17 (55.96) 15 day average 59.83 (60.23)
Sterling close: ,March 2464

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	118.5	119.8	119.5 117.5
May	137.0	136.5	138.0 136.5

Turnover 172 (151) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	128.50		128.50
Jun	122.50		122.50

Turnover 20 (-) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Feb	1415	1422	1415 1410
Mar	1483	1473	1485 1470
Apr	1500	1488	1500 1488
BFI	1393	1402	

Turnover 137 (115)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	125.65	125.90	125.85 125.70
May	129.00	129.25	129.60 129.00
Jun	130.80	131.05	131.20 130.65
Sep	111.35		111.35 111.00
Nov	114.50		114.55 114.50
Barley	**Close**	**Previous**	**High/Low**
Mar	116.05	117.65	116.75 116.00
May	119.15	120.40	119.75

Turnover: Wheat 263 (264), Barley 80 (60). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	122.5	123.5	123.0 122.0
Mar	118.0	120.0	119.5
Apr	117.0	118.5	117.5 116.8
May	115.5		115.0
Jun	113.5	114.0	113.8 113.5
Jul	105.7	106.3	106.7 106.5
Oct	110.0		106.0

Turnover: 49 (70) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 137,865 lots
Cash	1213-14	1211-12	1208.5/1207	1208.5-9		
3 months	1236-9	1236.5-7	1240/1228	1233.5-34	1236-7	81,746 lots
Copper, Grade A (£ per tonne)						Total daily turnover 118,878 lots
Cash	1201-2	1202-3	1200/1195	1195-5.5		
3 months	1227-8	1228.5-9	1229/1218	1220-20.5	1227-8	19,831 lots
Lead (£ per tonne)						Total daily turnover 16,355 lots
Cash	280-80.5	280.5-1.5	280.5/280.25	280-80.25		
3 months	291.5-2	292.5-3	292.5/291.5	291.5-1.75	291-2	1,298 lots
Nickel ($ per tonne)						Total daily turnover 21,877 lots
Cash	7650-60	7680-90		7650-55		
3 months	7725-30	7760-5	7750/7720	7725-30	7730-35	3,219 lots
Tin ($ per tonne)						Total daily turnover 5,168 lots
Cash	5510-20	5490-5	5520	5525-30		
3 months	5580-5	5545-8	5570/5555	5560-65	5555/60	782 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 43,154 lots
Cash	1147-8	1153-5		1146-6.5		
3 months	1138.5-40	1139-40	1141/1136	1136-7	1137-8	15,036 lots

LME Closing £/$ rate: SPOT: 1.8075 3 months: 1.7797 6 months: 1.7502 9 months: 1.7284

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	353.70-354.00	
Opening	355.50-355.90	
Morning fix	354.85	196.67
Afternoon fix	354.30	194.992
Day's high	355.60-355.90	
Day's low	353.40-353.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.25	6 months	3.25
2 months	3.25	12 months	3.25
3 months	3.25		

Silver fix	p/fine oz	US cts equiv
Spot	230.45	416.75
3 months	232.61	420.70
6 months	234.90	424.65
12 months	240.17	434.40

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	354.25-354.75	195.00-195.50
Maple leaf	365.00-366.00	201.25-201.75
New Sovereign	87.00-88.00	48.00-48.50

TRADED OPTIONS

Coffee	Mar	Mar
450	34	1
500	4	21
550		67

Cocoa	Mar	May	Mar	May
700	8	41	20	20
725	3	32	46	31
750	1	19	63	46

Brent Crude	Mar	Apr	Mar	Apr
1700			1	23
1750				
1800		74		52

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	355.6	358.2	355.9	354.0
Mar	356.3	358.9	0	0
Apr	357.3	357.9	357.5	355.3
Jun	359.3	360.0	359.4	357.5
Aug	361.4	362.2	361.7	359.9
Oct	363.4	364.2	363.4	363.0
Dec	365.5	366.4	366.1	364.2
Feb	367.7	368.7	0	0
Apr	357.3	357.9	357.5	356.3

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	359.0	0	0	0
Apr	362.4	361.5	363.0	358.7
Jul	361.7	360.9	361.0	358.5
Oct	363.7	362.9	362.5	362.0
Jan	363.5	362.9	363.0	363.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	418.7	416.1	0	0
Mar	419.8	417.3	420.0	414.5
Apr	421.2	416.8	0	0
May	422.8	420.4	423.0	418.0
Jul	425.9	423.5	425.5	421.0
Sep	429.3	426.9	428.5	426.0
Dec	434.8	432.4	434.5	430.0
Jan	436.5	434.2	0	0
Mar	440.8	438.3	0	0
May	445.0	442.8	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	98.10	97.15	98.30	97.50
Mar	98.30	97.65	98.40	97.80
Apr	98.20	97.50	98.10	98.10
May	98.15	97.45	98.25	97.75
Jun	98.10	97.40	98.20	98.00
Jul	98.05	97.35	98.20	97.85
Aug	98.10	97.45	98.20	98.20
Sep	98.15	97.50	98.20	97.90
Oct	98.15	97.50	98.20	98.20
Nov	98.25	97.80	98.20	98.20

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	54.31	55.07	54.85	54.05
May	58.29	60.75	58.80	58.80
Jul	57.82	61.35	58.05	57.10
Oct	60.40	62.83	60.70	60.15
Dec	61.14	63.25	61.33	60.75
Mar	62.70	64.20	62.88	62.20

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	19.61	19.27	19.58	19.20
Apr	19.68	19.46	19.76	19.40
May	19.74	19.54	19.79	19.46
Jun	19.75	19.55	19.80	19.49
Jul	19.70	19.53	19.74	19.47
Aug	19.63	19.52	19.69	19.46
Sep	19.60	19.51	19.64	19.46
Oct	19.58	19.50	19.66	19.45
Nov	19.63	19.48	19.63	19.44

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Mar	5520	5475	5550	5490
Apr	5495	5441	5505	5405
May	5440	5378	5460	5365
Jul	5410	5350	5405	5340
Aug	5470	5415	5470	5410
Oct	5680	5650	5655	5645
Nov	5750	5750	5760	5750
Dec	5845	5850	5860	5830

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1136	1127	1142	1125
May	1175	1164	1182	1162
Jul	1210	1205	1217	1200
Sep	1245	1235	1247	1235
Dec	1280	1272	1287	1270
Mar	1319	1305	1321	1302
May	1343	1329	0	0
Jul	1365	1353	0	0
Sep	1395	1380	1396	1396
Dec	1430	1414	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	68.90	70.75	71.30	68.70
May	71.90	73.90	74.35	71.80
Jul	74.70	76.65	77.10	74.70
Sep	77.50	79.50	80.00	77.50
Dec	81.25	83.60	83.60	81.25
Mar	85.40	86.50	86.50	86.50
May	88.00	89.45	88.00	88.00
Jul	91.00	90.95	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.16	8.05	8.23	8.06
May	8.26	8.11	8.27	8.15
Jul	8.34	8.18	8.36	8.25
Oct	8.41	8.25	8.42	8.32
Mar	8.56	8.36	8.55	8.44
May	8.54	8.36	8.49	8.49
Jul	8.58	8.40	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	137.85	141.20	141.20	137.30
May	138.05	141.40	141.30	138.00
Jul	138.05	141.30	141.25	138.05
Sep	135.30	139.40	139.25	135.30
Nov	128.60	131.85	132.00	129.20
Mar	128.60	131.60	129.10	129.10
May	128.60	131.60	0	0
Jul	128.60	131.60	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb.5	Feb 4	mnth ago	yr ago
1570.1	1568.0	1585.1	1658.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb.4	Feb.3	mnth ago	yr ago
Spot	117.81	117.04	114.34	122.79
Futures	122.34	121.94	121.55	126.43

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	576/2	577/6	580/0	574/0
May	582/2	582/6	585/2	579/4
Jul	589/4	590/4	593/4	587/4
Aug	593/6	593/4	596/0	591/0
Sep	596/0	595/4	597/4	593/4
Nov	603/6	602/6	606/4	601/2
Jan	612/0	611/0	614/0	611/0
Mar	621/0	620/2	622/0	620/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	18.95	19.00	19.07	18.89
May	19.26	19.27	19.37	19.16
Jul	19.57	19.60	19.67	19.49
Aug	19.73	19.72	19.82	19.67
Sep	19.85	19.84	19.95	19.85
Oct	19.86	19.97	20.07	19.85
Dec	20.28	20.28	20.36	20.18
Jan	20.32	20.41	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	177.8	178.6	179.8	176.2
May	178.2	179.0	180.5	177.1
Jul	179.7	180.7	182.2	179.0
Aug	180.7	181.8	183.0	180.3
Sep	181.0	182.5	183.0	181.0
Oct	195.0	196.0	196.5	194.5
Dec	197.0	197.7	198.7	196.5
Mar	198.5	199.5	201.0	198.4

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	267/0	268/2	268/6	266/2
May	273/2	275/0	275/4	272/6
Jul	278/2	279/4	280/0	277/4
Sep	273/6	274/4	275/2	273/4
Dec	270/2	270/2	271/4	269/0
Mar	276/2	276/2	277/0	274/6
May	280/4	280/6	281/0	279/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	446/4	449/2	452/0	444/4
May	432/2	432/2	436/2	430/4
Jul	401/2	397/6	403/0	397/4
Sep	403/0	399/4	406/0	399/0
Dec	411/4	407/6	412/4	407/4
Mar	412/4	406/0	413/0	408/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	77.55	77.82	77.72	77.35
Apr	77.50	77.72	77.62	77.30
Jun	72.92	73.10	73.05	72.82
Aug	68.80	69.07	69.05	68.75
Oct	69.12	70.47	69.35	69.05
Dec	69.60	70.05	69.60	69.55
Feb	69.10	69.75	69.75	69.10

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	41.65	41.72	41.90	41.60
Apr	41.57	41.25	41.80	41.00
Jun	45.42	44.85	45.45	44.77
Jul	45.75	45.15	45.80	45.00
Aug	44.02	43.70	44.20	43.70
Oct	41.22	40.95	41.35	40.90
Dec	44.07	44.02	44.25	44.05
Feb	45.50	44.92	45.50	44.90

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	34.92	34.20	35.35	34.00
Mar	35.42	34.57	35.60	34.60
May	36.62	36.10	36.95	35.85
Jul	37.67	36.95	37.97	37.10
Aug	36.90	36.00	37.35	36.40

LONDON STOCK EXCHANGE

Equities slip lower in nervous trading

By Terry Byland, UK Stock Market Editor

THE UNCERTAINTIES currently overhanging the London stock market increased yesterday and UK equities refused to respond to the strong rise on Wall Street overnight. An erratic session saw the FT-SE Index move through a range of more than 20 points to lose the 2,550 mark in late trading.

Once again, trading volume was extremely thin and the trend in the *Footsie often* reflected sharp movements in a handful of leading stocks.

The session opened nervously after rumours of impending political developments were followed by a personal statement from Mr Paddy Ashdown, leader of the UK Liberal Democrats. An early gain of 12.3 on the Footsie quickly evaporated as the March futures contract made a poor start and by mid-session *the Index was testing the 2,550* level.

Account Dealing Dates		
First Dealings:		
Jan 27	Feb 10	Feb 24
Option Declarations:		
Feb 6	Feb 20	Mar 5
Last Dealings:		
Feb 7	Feb 21	Mar 6
Account Day:		
Feb 17	Mar 2	Mar 16

*New-time dealings may take place from 8.30 am two business days earlier.

The market then rallied but turned back again when Wall Street made an uncertain start to the new trading session, although it showed a further gain of 10 Dow points when London ceased trading.

The FT-SE Index closed at 2,547.1 *for a net loss on the day* of 9.7 points. London now shows a historically high differential of more than 700 points against Wall Street, rais*ing the question of whether the* UK market can decouple itself from New York.

London remained very cautious towards Wall Street yesterday, turning down smartly when the Dow moved briefly into negative territory in early trading.

But the outstanding feature *of the market was the low level* of business in equities. The Seaq system recorded volume of 491.8m shares compared with 468.8m on Tuesday. Customer, or retail, volume remained weak on Tuesday at £811.2m, extending the run of poor retail business of the past week.

With *sterling* testing the lower end of its ERM range during the day, the blue chip stocks lacked an overall trend and it was left to specific factors to provide the direction of share prices. Weakness in the US dollar discouraged the overseas earning stocks which often record the bulk of sales in the US currency. At the same time, the persistent worry over inflationary pressures in Germany unsettled the London market.

Oil shares were generally easier, led by British Petroleum which reacted to reports in the UK press of boardroom tensions regarding dividend policy, although the company, which announces profits next Thursday, rejected the reports yesterday.

ICI, Britain's premier chemi*cal company, improved very* modestly after announcing the disposal of its salt interests in the UK. Pharmaceutical stocks held steady, with the exception *of Wellcome which fell sharply.*

"There are so many uncertainties around now that most fund managers have decided not to bother for the time being," said the strategist at a leading international house yesterday. The statement from Mr Ashdown was seen as introducing a fresh element ahead of the UK general election which is expected in early-April.

While another half point reduction in domestic base rates is widely expected ahead of the election, stock market traders are now resigned to having to wait for this move until Mr Major makes his for*mal announcement of the date* for the general election.

FINANCIAL TIMES STOCK INDICES

	Feb 6	Feb 4	Feb 3	Jan 31	Jan 30	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.23	88.06	87.92	87.84	87.94	84.61	88.23 (5/2/92)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.99	100.80	100.67	100.84	100.62	93.46	100.99 (5/2/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1970.9	1978.7	1984.2	1996.6	1973.6	1724.8	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	146.1	145.1	145.0	144.3	146.1	134.2	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2547.1	2556.8	2560.2	2571.2	2550.8	2202.0	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1175.21	1174.55	1175.42	1179.30	1171.02	1007.21	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.63	4.61	4.60	4.58	4.63	5.55				
●Earning Yld %(full)	6.95	6.92	6.90	6.87	6.94	11.71				
●P/E Ratio(Net)(☆)	18.10	18.18	18.22	18.31	18.11	10.33				
SEAQ Bargns 4.45pm	30,010	29,609	31,089	32,873	29,269	25,900				
Equity Turnover(£m)†	-	811.2	744.60	1369.7	1,348.8	899.81				
Equity Bargains†	-	*28,355*	*31,654*	*32,583*	*29,434*	*25,849*				
Shares Traded (ml)†	-	382.3	367.6	562.5	567.4	345.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.07

Ordinary Share Index, Hourly changes. Day's High 1989.2. Day's Low 1968.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1989.1	1984.4	1975.8	1976.9	1973.9	1975.2	1975.3	1972.6	1970.6

FT-SE 100, Hourly changes. Day's High 2569.1. Day's Low 2544.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2569.1	2564.1	2552.5	2554.9	2549.7	2551.3	2551.3	2548.3	2545.3

FT-SE Eurotrack 200, Hourly changes. Day's High 1176.61. Day's Low 1173.09

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1173.35	1174.57	1175.34	1176.18	1175.92	1175.85	1175.16

GILT EDGED ACTIVITY

Indices*	Feb 4	Feb 3
Gilt Edged Bargains	83.9	76.0
5 – Day average	80.6	80.9

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times

Burst of activity in BP

Recent suggestions in the stock market that a split had opened up in the BP boardroom over the group's dividend policy burst into the open yesterday, triggering a sharp decline in BP shares. BP *moved quickly to deny the stories* emphatically.

At their worst yesterday, BP shares had fallen to 276p, but they later steadied to close a net 5½ off at 278½p. Turnover in BP reached 10m, around double the usual level of activity in the stock.

BP is scheduled to report *preliminary results next* Thursday. There have been worries in the City for many months that a maintained dividend in real terms would not be covered by earnings.

Stories yesterday highlighted the steep decline in the BP share price since last November which has seen the stock *decline by some 16 per cent.* Analysts expect BP to increase the fourth quarter dividend, with most plumping for 4.3p but some expecting 4.4p, compared with last time's 4.2p.

One leading oil analyst described the boardroom rift stories as "pure mischief" adding: "Obviously there has been a *serious debate about* the dividend at BP, but then there should always be a serious debate about the level of dividends." He said the chances of BP cutting its dividend were "zero". Another specialist said the press revelations "illustrate the level of concern surrounding the divi*dend policy and indicate* that the group is in a corner and may need more cost cutting and asset sales."

Reuters deal

Late selling in Reuters Holdings, yesterday, applied the brakes to the rapid rise the company's shares have seen over the past few months.

Reuters shares had been holding up strongly at around the 1125 level against a weak London market for most of the day. However, shortly before the close of trading one UK investment bank took on a line of 1.1m shares at 1085p and sought to place them at at 1095p, some 20p below the market price. The effect of offering such a massive line of stock – worth around £12m and equivalent to the normal turnover for a whole day – was that the shares tumbled sharply to close 28 off on the day at 1098p. Later, the Seaq electronic network showed an unusually heavy turnover of 3.1m, indicating that the shares had been successfully placed.

The move is the first significant check to a rise which began in mid-November, when the shares stood at 860p. The rise was given further momentum recently from optimism over the company's new trading system Dealing 2000-2. The shares have also been strong ahead of the company's full-year results, to be announced next Wednesday.

Properties reel

Leading property shares reeled as the market took fright at news of the depth of the fall in office values, reported yesterday. This *suggested that the fall in the* City was an unexpectedly large 32.5 per cent and would lead to revisions in net asset valuations by at least one leading securities house. There was also a degree of profit-taking after some strong buying by one house on Tuesday.

Busy turnover of 2.5m in *MEPC left it 10 off* at 370p, Land Securities fell 11 to 462p, Hammerson 'A' slipped 12 to 472p, while British Land was off 14 at 253p.

Motor distributors were lifted by a favourable Monopolies and Mergers Commission report on the car retail trade. Investment enthusiasm was *encouraged by a positive note* to institutions by Albert E. Sharpe, the Birmingham-based broker which prophesied "far-reaching changes in motor retailing." Among Sharpe's recommendations, Pendragon jumped 19 to 193p and Evans Halshaw firmed 6 to 275p. Lex Service added 3 to 220p while Dagenham Motor jumped 3 to 118p.

A recommendation in the same report that the voluntary 11 per cent ceiling placed on the import of Japanese cars be lifted drove Inchcape, the sole importer of Toyota vehicles into the UK, sharply forward. The shares jumped 12 to 432p.

EC commissioner Mr Leon Brittan's proposal for a new inquiry over the £44.4m British Aerospace *"sweeteners"* row, left it off 4 at 286p.

Nervous trading in British Airways ahead of KLM's results today saw the share dip 6 to 234p. An announcement on talks about a merger between the two airlines is expected later today.

Siebe bounced 7 to 562p after *Kleinwort Benson* recommended the stock.

The bear story on BP upset the other oil stocks with Shell 2 easier at 474p on keen turnover of 4.7m. Lasmo came under pressure with a couple of institutional sellers said to have been responsible for lowering the share price 7 to 238p.

Burmah Castrol dropped 12 to 499p, responding to suggestions in the market that the group had sold its abrasives and diamond products division for a disappointing price.

Among brewers, Allied Lyons and Grand Metropolitan remained particularly weak, reflecting fears of a squeeze on *profits. Both companies have* been hit by profit downgrades from brokers.

Allied fell 10 to 620p as County NatWest followed the recent reassessment by Warburg Securities of the likely profit figures for the next two years. County expects Allied to produce pre-tax profits of £635m this year, against a pre*vious estimate of £662m, and* £730m in 1993 compared with an earlier forecast of £760m.

Grand Metropolitan lost 14 to 912p after UBS Phillips and Drew cut its profits forecast for the company by £25m to £1.06bn for the year ending September 1992 and by £30m to £1.19bn for the following year. *Pension fund surpluses, which* have been a major source of profit growth over the last three years, are likely to be static in 1992, according to the broker.

A Warburg Securities buy recommendation, the first document issued by Warburg on BT since its involvement as *global co-ordinator to the flota*tion of part of the government's remaining stake in the telecoms, helped sustain both classes of BT stock. The "new" improved 1¾ to 122¼p on 12m traded, making the stock the second heaviest traded in the market yesterday, while the "old" held at 331p on turnover *of* 4.7m.

Racal Electronics initially edged up to 52p before coming back to close a fraction easier on the session at 50p with UBS Phillips & Drew said to have carried out the lion's share of trading yesterday, when 9.6m traded, and on Tuesday when turnover topped 31m.

Analysts attending Forte's day of presentations to the City quoted the hotel group as saying that January occupancy figures were up on the same month last year although no details were forthcoming. A speech last night by chief executive Mr Rocco Forte was expected to flesh out the group's current performance.

The market is waiting to see if the shares will stay above 226p since it is at this level at which a warrant is exercisable on 10 March. If the price falls below that level, the bonds will have to be redeemed by Forte at a cost of around £93m. The shares eased a penny yesterday to 224p.

SmithKline Beecham was up 20 in early dealing on hopes for its prostate drug. The enthusi*asm followed approval by a US* Food and Drug Administration committee of US company Merck's Proscar drug for noncancerous prostate disease. However, a number of analysts pointed out that it would be at least three years before SmithKline's drug was on the market and the shares eased later to *close 13 better at 968p.*

Another company to benefit from the strength in Merck was Glaxo, gaining 10 to 847p.

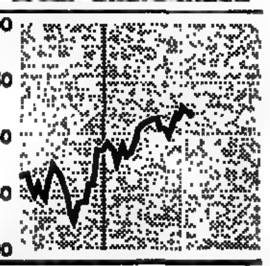
Medeva lifted 10 to 283p, ahead of a presentation by Mr Bernard Taylor, the chairman, at the company's US joint broker Merrill Lynch today.

Profit-taking was said to *have prompted Wellcome to* tumble 32 to 1126p.

MARKET REPORTERS:
Peter John, Joel Kibazo, Colin Millham, Chris Price, Steve Thompson

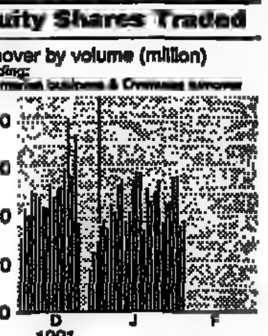
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, *Page 17*.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (182).
BRITISH FUNDS (38) Tr. 3pc 1992, Ex. 10½pc 1997, Tr. 8¾pc 1997, Ex. 9¾pc 1998, Tr. 6¾pc '95-98, Ex. 12pc 1998, Tr. 9½pc 1999, Tr. 10½pc 1999, Cv. 10¼pc 1999, Cv. 9pc 2000, Tr. 13pc 2000, Tr. 10pc 2001, Tr. 9¾pc 2002, Do. C, Tr. 10pc 2003, Tr. 11½pc '01-04, Fd. 3½pc '99-04, Cv. 9½pc 2004, Do. A, Cv. 9½pc 2005, Tr. 12½pc '03-05, Tr. 8pc '02-06, Tr. 11¾pc '03-07, Tr. 8½pc 2007, Do. A, Tr. 13½pc '04-08, Tr. 9pc 2008, Tr. 8pc 2009, Cv. 9pc 2011, Do. B, Tr. 8½pc '09-12, Tr. 7¾pc '12-15, Ex. 12pc '13-17, Consols 4pc., War Loan 3½pc., Cv. 3½pc '61 Aft., Tr. 3pc '66 Aft., Cons. 2½pc., Tr. 2½pc., OTHER FIXED INTEREST (8) African Dev. 11¼pc 2010, Asian Dev. 10¼pc 2009, Hydro Quebec 15pc 2011, Inter-Amer. 12½pc 2015, Do. 9¾pc 2015, AMERICANS (1) Amdahl, BREWERS & DISTILLERS (1) Greene King, BUILDING MATERIALS (3) Haywood Williams, Do. Cnv. Prf., BUSINESS SERVICES (3) Hays, RCO, Sarco, CHEMICALS (2) Brisles Vita, Yorkshire, CONTRACTING & CONSTRUCTION (1) Gleeson (MJ), ELECTRICALS (3) China Light, Maxwell-Swain, ELECTRONICS (5) CML Microsystems, Elect. Data Procg., MTL Instrs., ENGINEERING GENERAL (1) Atlas Copco B, FOOD MANUFACTURING (4) Clarke, Dalepak, Greencore, Northern, HEALTH & HOUSEHOLD (6) Community Hospitals, Life Sciences, Medeva, Seton Healthcare, UniChem, INVESTMENT TRUSTS (12) Abtrust Prfd. Zero Prf., Baring Chrysalis, Do. Wrrnts., Contra-Cyclical Zero Prf., Exmoor Dual Zero Prf., Flmg. Intl. High Zero Prf., Gartmore Value Zero Prf., Hong Kong, Independent, India Fund, Murray Enterprise Zero Ln. 1994, River & Merc. Sppd. Prf., MEDIA (5) Abbott Mead Vickers, Central ITV, Daily Mail A, News Intl., Tyne Tees, MERCHANT BANKS (2) Warburg (SG), Do. 6pc Prf., MISCELLANEOUS (1) Le Creuset, MOTORS (3) Barr & WAT A, Cowie (T), Pendragon, OIL & GAS (2) NZ Oil, Petrocorp, OTHER FINANCIAL (3) Edinburgh Fund Mangrs., Templeton Galbraith, OTHER INDUSTRIAL MATERIALS (1) Tomkins 6¼pc Prf., PACKAGING, PAPER & PRINTING (2) Bowater, Boxmore, STORES (1) Lloyds Chemists 7.5p Prf., TEXTILES (1) House of Lerose, TRANSPORT (1) Cathay Pacific, NFC.

NEW LOWS (38).
CANADIANS (1) TVX Gold, BUILDING MATERIALS (3) Abrighton, Newarthill, Onslow, Sheffield Insuls., Ward, CHEMICALS (1) Harcros, CONGLOMERATES (2) Giroux, Rooker A, CONTRACTING & CONSTRUCTION (1) Shoreo, ELECTRONICS (1) F-E Intl., ENGINEERING AEROSPACE (1) ML, ENGINEERING GENERAL (1) Elliott (B), MEDIA (3) Aegis, Allied Radio 8pc Loan 2001, Osprey Comms., MERCHANT BANKS (1) Brown Shipley, MISCELLANEOUS (2) Hawall Whiting, Parik, MOTORS (1) Mid-States, OIL & GAS (3) Aviva Petrlm., British Borneo, Chevron, OTHER FINANCIAL (2) Baltic, Lon. Finance, OTHER INDUSTRIAL MATERIALS (1) Houdway, PACKAGING, PAPER & PRINTING (2) Wace 8pc Prf., Waverley Cameron, PROPERTY (5) Bourne End, Cap. & Counties, MEPC, Prior, Wates City of Lon., STORES (1) Asprey, MINES (4) Butte, Dominion, Feltrim, Waverley Fin.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	29	445	+32	Cookson	1,700	115		Lucas	4,100	116	+1	Shell Transport	4,900	474	−2
ASDA Group	3,500	39	+½	Courtaulds	518	519	−1	MB Caradon	305	287	−4	Siebe	1,200	562	+7
Abbey National	11,200	292½	+1½	Dalgety	1,200	361	+7	MEPC	2,300	370	−10	Slough Ests	1,400	223	−8
Albert Fisher	3,200	67	−5	De La Rue	271	929		Manweb	788	314	−10	Smith (W.H.) A	112	484	+8
Allied – Lyons	2,000	620	−10	Dixons	1,800	237	−1	Marks & Spencer	1,700	299	+2	Smith & Nephew	2,300	147½	−½
Amstrad	2,200	27	+½	ECC Group	353	484	−6	Midland Bank	998	225½	−2½	SmKl Beecham	2,300	968	+13
Anglian Water	2,800	362	−8	Eastern Elect.	975	239	−8	Midlands Elect.	391	289	−4	SmKl Beecham Uts.	347	4398	+48
Argos	843	280	−1	East Midland Elect.	595	249	−4	NFC	1,000	240	+1	Smiths Inds.	115	283	
Argyll Group	1,800	313	+1	Enterprise Oil	791	435	−8	NatWest Bank	5,300	388	+3	Southern Elect.	1,800	280	−4
Arjo Wiggins	882	283		Eurotunnel Units	628	451	+8	National Power	2,300	229	−4	South Wales Elect.	82	308	−8
Ass. Brit. Foods	285	465	+8	FKI	220	59		Next	1,800	70½		South West Water	1,900	347	−3
BAA	987	586	+6	Ferranti	2,400	6	−¼	North West Water	2,000	362	−7	South West. Elect.	630	263	−10
BAT Inds	1,500	696	−8	Fisons	898	385		Northern Elect.	992	285	−3	Southern Water	1,300	337	+1
[illegible]															
British Land	785	253	−14	Hillsdown	1,900	165		Reuters	3,100	1098	−28	Unilever	1,000	918	−9
BP	10,000	278½	−5½	IMI	863	251	+2	Rolls Royce	4,000	142	−1	United Biscuits	1,400	402	−4
British Steel	2,800	78	−1½	ICI	1,100	1283	+2	Rothmans	221	1060	−2	Utd Newspapers	208	384	+1
British Telecom	4,700	331		Inchcape	882	432	+12	Ryl Bk Scotland	3,200	164	+2	Vodafone	2,100	345	+3
Br. Telecom New	12,000	122¼	+2	Kingfisher	484	528	−4	Royal Insurance	2,400	298	+5	Warburg (SG)	982	882	+9
Bunzl	712	94	−1	Ladbroke	3,200	208	−1	Saatchi	807	13½		Wellcome	984	1126	−32
Burmah Castrol	231	499	−12	Land Securities	876	462	−11	Sainsbury	1,600	373	−2	Welsh Water	227	374	−7
Burton	1,600	38		Laporte	382	610	−3	Scottish & New.	882	430	+1	Wessex Water	586	415	−1
Cable & Wire.	1,400	583	−4	Legal & General	1,300	384		Scot. Hydro-Elect.	2,200	104	−1	Whitbread 'A'	460	489	−5
Cadbury Schweppes	1,000	464	−1	Lloyds Abbey	695	294	−3	Scottish Power	970	101	−1½	Williams Hldgs	698	320	
Calor Group	148	209	−5	Lloyds Bank	821	387	+2	Sears	5,600	100	+1	Willis Corroon	827	248	−4
Carlton Comms.	1,100	546	−2	LASMO	3,200	238	−7	Sedgwick	1,100	218	−3	Wimpey	190	112	−½
Coats Viyella	327	191	−1	London Elect.	632	261	−8	Seeboard	437	258	−11	Yorkshire Elect.	2,700	369	−6
Comm. Union	1,300	490		Lonrho	1,800	119		Severn Trent Water	1,000	335	−6	Yorkshire Water	773	346	−10

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

ATTEMPTS by the March stock index futures contract to break through the 2,600 barrier petered out yesterday after Wall Street's failure to extend Tuesday's record run, writes Joel Kibazo.

March opened strongly, on the back of the firm performance on Wall Street and soon gained a premium of 35 to the underlying cash market. However, 2,596 proved a resistance level and the contract drifted lower, pulling the underlying cash market with it.

The poor opening on Wall Street served to bring out more profit-taking in March with sizeable selling just before the official market close. March closed at 2,567, down 16 on the previous session but some 7 ahead of its estimated fair value premium to cash of 16. Turnover reached 5,730 contracts.

In LTOM, dealers reported one of the dullest sessions in recent days as turnover reached a meagre 18,099 contracts, well short of the 30,000 break-even level. The FT-SE 100 Index traded 6,337 contracts.

Dixons and BP each traded 1,217 lots. The June 240 puts were particularly busy in Dixons while, in BP, the April 280 options were busy in the calls and puts. BTR, Forte and Ladbroke were also active.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Exch 12pc 1998		111⅞		111⅞	104⅞	10.73	9.56
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
Index – Linked							
[illegible]							

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]							

APPOINTMENTS

Steely nerve for Europe

As senior appointments in Japanese companies tend to go, Kobe Steel Europe's new director and chief financial officer is *highly unusual in that* he is neither old nor is he Japanese.

Reg Clark, 33, joined Kobe from Oxford with a degree in modern history and no particular connection with Japan. "It was regarded as a very bizarre option at the time [the late 1970s]."

After a "very tough" three *years in Japan* on the international side of the heavy machinery operations, he decided that Kobe could not teach him what he wanted to know about finance, and that anyway he wanted a career in the Euromarkets.

So he returned to the UK, to work in turn for Yamaichi International, Swiss Bank Corporation and J P Morgan.

"Once Kobe understood I had no plans to rejoin, they were very friendly," even putting some of their Eurobond business his way. But unspecified "family circumstances" dictated that he left the punishingly long hours of the City in 1988, at which point he took up with Kobe again.

Speaking Japanese "well enough to get by but not remotely fluently", he professes he is surprised he has got as far as he has; he is probably the most senior foreigner at Kobe. Now he has to help make a go of Europe – with expansion so far largely frustrated as a series of acquisitions have fallen through at the eleventh hour.

Herbert Smith senior partner

Edward Walker-Arnott, 52, head of the company and commercial department of City solicitors Herbert Smith is to become the firm's senior partner in May next year in succession to John Rowson. He will share responsibilities with Rowson from May this year.

Walker-Arnott was prominent in a number of the major takeovers in the 1980s mergers and acquisitions boom and together with Richard Fleck was responsible *for the* representation of the Al Fayed brothers in their celebrated takeover of the House of Fraser stores group.

His whole career has been with Herbert Smith; he became a partner at the early age of 28. From 1977 to 1982 he was a member of the Insolvency Law Committee chaired by the late Sir Kenneth Cork. He sat on the Council of Lloyds from 1983 to 1989 and is a non-executive director of Sturge Holdings, a Lloyds agency business.

Herbert Smith, which prides itself on its hard-nosed attitude to commercial litigation, is the UK's seventh largest law firm.

Financial moves

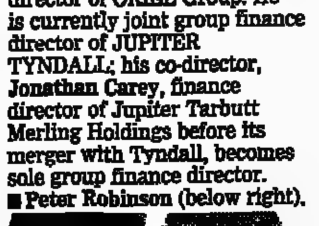
■ Co-op Bank has appointed two new executive directors, **Gordon Younger** (46) and **Michael Firth** (45). They and Ken Lewis, head of personnel, will serve on a newly-established executive committee along with the three existing executive directors of the bank.

■ **Baron David de Rothschild**, senior partner of Rothschild & Cie, is appointed deputy chairman of N M ROTHSCHILD, and **Anthony Allen, Benoit Guérin, William Lamarque, Oliver Letwin, Martine Oborne and Antony Stuart** directors.

■ **Philip Busfield**, formerly of CSFB Gilts, is appointed a director, and **David Miller**, formerly of Goldman Sachs Government Securities UK, director of business development, of NIKKO GILTS.

■ **Richard Horton** (below left) has been appointed finance director of ORIEL Group. He is currently joint group finance director of JUPITER TYNDALL; his co-director, **Jonathan Carey**, finance director of Jupiter Tarbutt Merling Holdings before its merger with Tyndall, becomes sole group finance director.

■ **Peter Robinson** (below right), md UK business operations of WOOLWICH Building Society, is also appointed deputy group chief executive.



■ **Roger Gifford**, SKANDINAVISKA ENSKILDA BANKEN's head of financing, is also appointed head of the London branch.

■ **Mike Brown**, formerly with Wright Oliphant, and **Don Jordison** have been appointed directors of ALLIED DUNBAR Property Funds.

■ **George Mallinckrodt**, chairman of Schroders, is appointed a director of FOREIGN & COLONIAL German Investment Trust.

■ **John Miller and John Garrett** are appointed directors of TULLETT & TOKYO (Futures & Traded Options).

■ **Craig Williamson** is appointed a director of CHARTERHOUSE Development Capital.

■ **Malcolm Callaghan** is to join PYRFORD International as director – marketing from Invesco MIM.

■ **Steve Garner** is appointed operations director of Specialist Mortgage Services, a subsidiary of SCARBOROUGH Building Society.

■ *Glenn Cooper and Fraser* **Jennings** are appointed directors of HENRY ANSBACHER HOLDINGS.

■ **Alan Kelsey** is appointed a director of SMITH NEW COURT Corporate Finance; he moves from RBC Dominion Securities International.

■ **Alan Banks and Jeremy Kelton** are directors of FOX-PITT, KELTON.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		35¹¹⁄₁₆xd	+⅜	36⅝	20⅞	15,122	1.6
♥Allegheny & W		317p	-9	385p	218p	184.7	5.3
Amdahl		1063pxd	+30	1063p	667p	1,179	0.5
Amer Cyanamid		39⅞	+¼	42⅞	25⅜	3,112	2.5
Amer Express		12[illegible]xd	-⅛	17[illegible]	9[illegible]	5,733	4.7
Amer T & T		20[illegible]xd	+⅜	24½	15¼	27,288	3.6
Ameritech		34¼	-¼	36[illegible]	32½	14,996	5.6
BankAmerica		22[illegible]xd	+1[illegible]	26[illegible]	12[illegible]	4,965	3.3
Bankers NY		39[illegible]xd	+[illegible]	39[illegible]	20[illegible]	2,927	7.7
Bell Atlantic		25[illegible]xd	-[illegible]	30½	24¼	8,856	5.7
BellSouth		26[illegible]	—	31¼	25	13,935	5.8
♥Bethlehem Steel		8¼xd	—	11¼	6[illegible]	628.8	—
Bowater		1374p	+56	1639p	1042p	493.5	4.9
CPC		46¼xd	-[illegible]	64[illegible]	37[illegible]	3,495	2.7
California Engy		697p	—	930p	420p	126.9	—
Campbell Soup	h	21[illegible]	-[illegible]	23	14⅛	5,420	1.8
Chase Manhattan		11[illegible]xd	+[illegible]	12¾	5[illegible]	1,823	5.7
Chrysler		9[illegible]xd	+[illegible]	9[illegible]	5[illegible]	2,816	3.7
Citicorp		8[illegible]xd	+[illegible]	10[illegible]	4[illegible]	2,896	—
Colgate-Palm		26xd	-[illegible]	27[illegible]	21[illegible]	3,761	2.3
Cont'l Bank		763p	+32	928p	438p	760.9	6.0
Dana		17[illegible]xd	+[illegible]	21[illegible]	13[illegible]	718.8	5.2
Data General		829p	-9	1262p	203p	178.8	—
Dial		27¼xd	—	27[illegible]	12[illegible]	1,881	2.9
Dun & Brad		29½	-½	31[illegible]	20[illegible]	5,264	4.1
Eaton		37½	-[illegible]	40	24¼	1,278	3.3
Echlin		8[illegible]xd	+[illegible]	8[illegible]	5½	478.2	4.6
FPL		19[illegible]xd	—	20[illegible]	14[illegible]	3,231	7.1
Fluor		25[illegible]xd	-[illegible]	30[illegible]	17[illegible]	2,083	0.9
[illegible]		18[illegible]xd	+[illegible]	23¼	13	4,728	3.1
Gen Elect		42[illegible]xd	+[illegible]	46[illegible]	[illegible]	[illegible]	[illegible]
♥General Host		519p	+13	586p	270p	—	3.9
Gillette		28⅞xd	+[illegible]	46¾	20⅞	6,813	1.2
Hasbro		22	+[illegible]	24	7[illegible]	1,318	0.8
Honeywell		49[illegible]xd	-[illegible]	49[illegible]	21[illegible]	2,882	2.3
Houston Inds		23[illegible]	-½	24[illegible]	17[illegible]	3,013	7.1
IBM		51[illegible]xd	+¼	72[illegible]	48	29,250	5.3
Ingersoll-Rand		31[illegible]xd	-[illegible]	33[illegible]	18[illegible]	1,639	2.3
Lockheed		23[illegible]xd	+[illegible]	28[illegible]	16[illegible]	1,495	4.8
Lowe's		2299p	-38	2337p	1245p	837.1	1.4
Merrill Lynch		32[illegible]xd	+1[illegible]	39[illegible]	10[illegible]	3,349	1.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or -	1991/92 High	low	Yld Gr's	NAV	Dis or Pm(-)
■Scot National Inc		102½	-1	116	97	11.7	—	—
■ Cap		35	-1	88	31	—	28.3	-30.6
Stepped Pf	†	132½	-½	132¾	113	6.2	—	—
Zero Div Pf		171½	+½	171½	141	—	—	—
Warrants		8½	—	19	8	—	—	—
Scot Value	a	63½	—	63½	46¼	3.1	53.4	0.8
Sec Alliance		1102	-1	1258	882	3.8	1347.1	11.7
Second Market	a	224	—	228	199	0.8	254.4	12.0
■Sec Tst Scot	†	68	+½	76	57½	0.8	71.8	4.3
Select Assets		100	—	102	71	1.2	132.8	24.6
Eq Ind Sest		113	—	121	88	4.1	—	—
Eq Ind Serll		113	—	121	89	5.1	—	—
Shires	†	226	—	260	191	10.5	220.0	-2.7
11pc Cv Ln '03/04		£118½	—	£120½	£97½	10.0	—	—
Siem Select		91	—	98	78	1.8	96.2	5.4
Warrants		20	—	31	19	—	—	—
■Smaller Cos		67	—	93	60	1.4	82.5	18.8
Warrants		13	—	25	8	—	—	—
■Sphere Inc		17½xd	—	30	17½	28.5	22.5	22.5
Zero Div Pf		58½	—	58¾	50¼	—	—	—
Warrants		1½	—	9½	1½	—	—	—
Strata		158	—	168	104	1.2	187.0	15.5
Stratton		133	—	160	120	1.8	184.3	17.0
Sumit	‡	51	+1	110	50	‡	109.9	53.6
■TR City of Lon		108xd	—	121¼	90	5.8	111.9	3.5
■TR Euro Growth	s	88	—	104	78	1.5	97.8	10.1
Ptg Sub	s	53	—	68	40	2.5	—	—
■TR Far East Inc		86	—	94	56	6.5	98.1	12.4
Warrants		15	—	20	12	—	—	—
TR High Inc	H	90	—	115	85	8.2	88.5	-1.5
Sub	G	30	—	36	24	6.1	—	—
■TR Pacific		88½	-1½	92	49	0.4	98.4	10.0
■TR Prop		25	—	37	24	7.7	35.8	30.2
■TR Smaller		134	-1	155	95	3.7	145.8	8.2
■TR Technology	M	36	—	52	20	4.8	125.8	71.9
Stepped Pf		91½	—	94½	70½	8.8	—	—
Zero Pf		183	—	183½	117½	—	—	—
■Temple Bar	†	246	+2	278	210	5.4	273.3	10.0
8pc Cv Ln 2002		£112½xd	+1	£115½	£102½	6.2	—	—
Templeton Em	m	191	—	191	92	0.5	180.3	-8.0
Warrants		22	—	32	27	—	—	—
1pc Cv Ln 2001		£187½	-1	£188½	£90½	0.8	—	—
■Thornton Asian		61	+1	72	55	1.1	78.0	21.0
Warrants		10	—	15	9	—	—	—
Thornton Pan Euro		28	—	31	25	4.1	31.8	11.2
Warrants		3	—	15	3	—	—	—
Throg Deal Inc		98	—	108	98	11.8	—	—

[illegible]

MERCHANT BANKS - Cont.

	Notes	Price	+or -	1991/92 High	low	Mkt Cap£m	Yld Gr's	P/E
Schroders	†	1089	-7	1143	840	335.4	1.7	21.3
N/V	†	819	—	848	422	118.9	2.0	18.2
■Singer & Fried		41	—	58	33	91.7	8.1	9.4
■Warburg (SG)	†	882	+6	893	314	1,179	3.8	12.4
8pc Cv Pf		201	—	202	109	65.6	4.8	—
Wintrust		225	—	265	230	18.8	5.4	6.8

METALS & METAL FORMING

[illegible]

OIL & GAS - Cont.

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

STORES - Cont.

[illegible]

MINES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

PROPERTY

[illegible]

MISCELLANEOUS

[illegible]

OTHER FINANCIAL

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

STORES

[illegible]

MINES

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

MERCHANT BANKS

[illegible]

OIL & GAS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

[illegible]

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International

● "Tap Stock"

* Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

‡‡ Tax-free to non-residents on application

◆ Figures or report awaited

[illegible]

Price at time of suspension

[illegible]

Merger bid or reorganisation in progress

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1800)H

Aberforth Unit Trust Managers Ltd (1600)F

Abtrust Unit Trust Managers Ltd (1200)H

Acorn Unit Trust Managers Ltd (1100)F

Britannia Life Unit Managers Ltd (1200)F

Brown Shipley & Co Ltd (1000)F

Burrage Unit Tst Mangmt Ltd (0905)F

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

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Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	1	50.45	50.45	50.95	+0.01	10.6
Cont'd Prisance	5½	48.28	48.58	51.82	+0.09	9.02
Ethical	5½	48.00	49.00	52.13	+0.26	4.76
European Growth	5½	47.63	47.84	51.03	-0.09	3.0
Income	5½	45.62	46.26	49.24	+0.13	7.98
Intl Growth	5½	66.12	66.18	70.54	+0.21	3.11
Managed	5½	58.41	58.76	62.68	+0.20	4.46
UK Growth	5½	49.07	49.72	53.03	+0.16	5.78

Standard Chartered Equitor (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6571

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd Exempt Acc	3	194.9	197.0	205.2	-1.2	13.06
Do Income	3	182.4	184.4	192.0	-1.1	13.06

Standard Life Tst Mgmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Acc	5¼	36.29	36.29	38.56	+0.1	2.43
UK Equity Gth Acc	5¼	49.57	50.45	53.61	-0.1	2.08
UK Eq High Inc Inc	5¼	28.76	29.39	31.23	....	6.40
UK Eq High Inc Acc	5¼	32.33	33.05	35.12	....	6.40
UK Equity Gen Acc	5¼	46.16	46.89	49.83	....	3.48
UK Equity Gen Inc	5¼	36.12	36.69	38.99	....	3.48
UK Larger Cos Acc F	7½	305.0	308.7	335.0	-0.2	4.77
UK Larger Cos Inc F	7½	245.5	248.5	269.7	-0.2	4.77
Gilt & Fxd Int Inc	5¼	28.25	28.32	29.95	+0.1	7.44
O'seas Larg Co Acc F	7½	212.1	215.6	234.0	+0.6	2.07
Nth American Acc	5¼	35.90	36.06	38.92	+0.4	0.76
Far East Acc	5¼	39.78	40.80	43.36	-0.3	0.07
European Acc	5¼	34.58	35.89	38.14	+0.1	3.68

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5	296.2	296.2	316.0	+3.7	0.73
(Accum Units) ♥	5	348.6	348.6	371.9	+4.3	0.73
British	5	802.2	814.2	861.4	-2.6	6.02
(Accum Units)	5	1316.4	1337.7	1415.3	-4.3	6.02
European	5	329.4	329.4	349.8	+1.8	1.43
(Accum Units)	5	357.1	357.1	379.2	+2.0	1.43
Japan	5	108.8	108.8	115.8	-0.1	-

Funds in Court*

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Jan 16	495.45	499.11	---	2.83
Gross Jan 16	170.31	171.68	---	11.36
High Yield Jan 16	280.23	282.47	---	7.79

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Pensions Mngd	52.98	54.11	-0.03	3.87

INVESCO MIM Management Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Mngd P'Folio	1174.0	1249.0	---	-
Mngd Pens (Acc)	66.4	70.6	---	-

Lazard Brothers & Co. Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Property Sept 5	£2440.0	2680.0	---	7.00
Inc Gth Prp Jul 31	£1375.0	1460.0	---	8.90

Lazard Investors Ltd ‡‡
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Jan 31	£3888.1	4058.9	---	3.91
European Jan 31	£568.1	574.3	---	1.53
American Jan 31	£362.6	366	---	2.22
Japan Jan 31	£475.9	481.3	---	1.38
Pacific Jan 31	£142.3	146.2	---	1.89
W Midlands Sep 30	£136.50	152.30	---	2.49

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ 071-588 1815

	Bid Price	Offer Price	+ or -	Yield Gross
Property Jan 31	196.75	200.75	---	7.95
Equity Jan 31	888.05	895.20	+37.90	3.77

* Available only to Local Authorities

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charifund Feb 4	103.41		+0.2	10.43
(Accum Units)	626.24		+1.1	10.43
NAACIF Jan 28	40.03		+0.1	9.42

Morgan Grenfell Investment Funds Ltd

INSURANCES

OTHER UK UNIT TRUSTS

Guardian Royal Exchange
Royal Exchange, EC3 071-283 7101
Guardian Assurance

	Bid Price	Offer Price	+ or -	Yield Gross
Property Bonds	651.3	678.4	-	-
Choice Wth-Pfts Lp-sm	133.9	140.9	-	-
Choice Wth-Pfts St-sm	125.3	131.9	-	-
Choice Managed	156.7	164.9	+0.5	-
Choice Equity	160.5	168.9	+0.6	-
Freedom Wth Pfts Lmp-Sm	108.7	114.4	-	-
Freedom Wth Pfts Stm-Sm	107.6	113.2	-	-
Freedom Managed	93.8	98.7	+0.5	-
Freedom Equity	89.8	94.5	+0.5	-

Legal & General—Contd.
Unit Pensions
Kingswood, Surrey, KT20 6TH 0737 370370

	Bid Price	Offer Price	+ or -	Yield Gross
Ex. Bnkg. Sec. Loid	161.9	170.5	+0.1	-
Do. Accum.	206.8	217.7	+0.1	-
Exempt Cash Init	286.6	301.7	+0.1	-
Do. Accum.	462.2	486.6	+0.1	-
Exempt Eqty Init	857.4	902.6	-0.5	-
Do. Accum.	1382.0	1455.7	-0.9	-
Exempt Euro Init	157.5	165.8	+1.2	-
Do. Accum.	195.4	205.7	+1.7	-
Exempt Far East Init	203.1	213.8	-1.1	-

Manulife Group
St George's Way, Stevenage Enquiries: 0438 356101

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ser 1 & 2	530.0	557.9	-	-
Managed Ser 3	97.0	102.1	-	-
Property Ser 1 & 2	455.9	479.9	-	-
Property Ser 3	86.9	91.5	-	-
Equity Ser 1 & 2	648.6	682.7	-	-
Equity Ser 3	99.4	104.6	-0.1	-
Gilt Edged Ser 1 & 2	478.6	503.8	-	-
Gilt Edged Ser 3	116.7	122.8	+0.3	-
Deposit Ser 1 & 2	291.7	307.0	-	-
Deposit Ser 3	117.3	123.5	-	-

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd.	110.5	116.3	---	—
Pension Managed Fd.	109.1	114.8	---	—
Life Deposit Fd.	112.3	118.3	---	—
Pension Deposit Fd	119.8	126.1	---	—

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422
Harvester Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	174.8	184.1	[illegible]	—
UK Equity	[illegible]	193.9	+1.9	—
Overseas Equity	142.1	149.6	+2.2	—
Fixed Interest	161.5	[illegible]	+0.7	—
Property	130.9	[illegible]	-0.4	—
Index Linked	[illegible]	162.8	+0.2	—
Deposit	167.4	176.3	+0.3	—
With Profits (B)	137.0	144.2	+0.2	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	357.4	376.3	+0.2	—
UK Equity	448.3	471.9	-0.6	—
Overseas Eq	343.6	361.7	[illegible]	—
Americas	295.9	311.5	+2.5	—
Far East	352.6	371.2	-2.8	—
Property	194.3	204.6	-0.3	—
Fixed Int.	279.8	294.6	+0.2	—
Indexed Gilt	164.0	172.7		—
Deposit	190.9	201.0	+0.1	—
With Profit	107.1	112.7	---	—
Pension Fund (Accum Units)				
Managed	515.5	542.7	[illegible]	—
UK Equity	602.8	634.6	-0.7	—
Overseas Eq.	582.6	613.3	+0.3	—
Americas	381.9	402.1	+1.6	—
Far East	588.5	619.5	-4.6	—
Property	249.1	262.3	-0.4	—
Fixed Int.	351.1	369.6	+0.7	—

Providence Capital Life Asse. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	218.8	230.9	(z)	—
UK Fixed Int Acc.	196.8	207.7	(z)	—
Intl Equities Acc.	178.7	188.6	(z)	—
UK Managed Acc.	172.7	182.1	(z)	—
Property Acc.	225.5	237.9	(z)	—
Money Acc.	135.4	142.9	(z)	—
Special Market Acc.	156.7	165.4	(z)	—
Japan Equity Acc.	94.5	99.7	(z)	—
North American Acc.	109.3	115.4	(z)	—
Pacific Acc.	95.6	100.9	(z)	—
Technology Acc.	143.2	151.1	(z)	—
Nat Resources Acc.	56.0	59.1	(z)	—
European Acc.	[illegible]	[illegible]	(z)	—
Residential Prop Acc.	[illegible]	89.6	(z)	—
Swiss Equities Acc.	33.3	35.2	(z)	—
Hong Kong Acc.	73.6	77.7	(z)	—
UK High Inc Eq Acc.	69.9	73.8	(z)	—
Int Fixed Interest Acc.	61.7	65.1	(z)	—
[illegible]	57.8	60.9	(z)	—
[illegible]	118.7	125.2	(z)	—
HIP Managed II Acc.	104.8	120.5	(z)	—
HIP Managed III Acc.	112.6	118.7	(z)	—
Total Investment Bond				
UK Equity Initial		148.1	(z)	—
UK Fixed Int Initial		133.4	(z)	—
Intl Equities Initial		120.3	(z)	—
UK Managed Initial		117.0	(z)	—
Property Initial		153.9	(z)	—
Money Initial		92.3	(z)	—
Special Market Initial		[illegible]	(z)	—
Japan Equity Initial		[illegible]	(z)	—
North American Initial		84.5	(z)	—
Pacific Initial		73.9	(z)	—
Technology Initial		110.6	(z)	—
Nat Resources Initial		43.2	(z)	—
European Initial		90.9	(z)	—
Residential Prop Init		80.7	(z)	—
Swiss Equities Initial		31.7	(z)	—
Hong Kong Initial		70.0	(z)	—

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED**)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar declines amid rate fears

THE world economic situation appeared to be conspiring against the dollar as it continued its drift downwards yesterday, helped by fears over a US rate cut and pessimism over German inflation, *writes Peggy Hollinger*.

The US currency came under pressure around the globe, opening lower in New York, London and Tokyo. At the fix in Frankfurt the dollar stood at DM1.5881, compared with Tuesday's DM1.5988.

The markets were becoming increasingly nervous ahead of tomorrow's jobs data, which is expected to show anything from a rise in non-farm payrolls of 120,000 to a fall of 100,000.

That, together with the likelihood that Germany would retain its more attractive rates for some time to come, encouraged dollar for D-Mark trade.

The attraction of Germany was enhanced by strong comments from Bundesbank member Mr Lothar Mueller, that there was no prospect of a rate cut in Germany for some time.

The bears on the dollar were restrained, however, by support at the DM1.58 level. The jobs data could make or break that support.

The dollar closed in London at DM1.5880, down from the previous close of DM1.5920. In New York, the US currency opened lower at DM1.5835/40 and Y125.72/77, compared with a close of DM1.5925/35 and Y126.15/25 respectively.

Sterling enjoyed a brief flutter of excitement as rumours of a political scandal involving a senior UK politician depressed the currency.

At one point, sterling was trading at DM2.8640 as dealers worked themselves in a lather over a possible Tory scandal before the general election. However, sterling made a strong recovery when it was revealed that the politician involved was Liberal Democrat leader Mr Paddy Ashdown.

The UK currency jumped 100 basis points to DM2.8740 on the news. Sterling finished the day at DM2.87, compared with a previous close of DM2.8675. Against the dollar, sterling finished at $1.8075, compared with Tuesday's $1.8005.

The Canadian dollar recovered some of the ground it has lost recently. Intervention from the Bank of Canada and the weaker US dollar were believed to be behind its recovery.

Both the Canadian and Australian currencies have been suffering as domestic interest rates decline and economic troubles widen. Dr Mark Austin, an economist with Hong-Kong bank, said he expected to see further declines in both currencies.

The D-Mark maintained its lead within the European Monetary System, on a generally quiet day. Sterling remained at the bottom of the grid, 44 per cent below its allowed divergence from the central rate.

The Bank of Portugal intervened twice yesterday to restrain the upward flight of the escudo.

Dealers said the bank wants to stabilise the currency in advance of Portugal's expected ERM membership later this year or early in the next.

£ IN NEW YORK

Feb.5	Latest	Previous Close
£ Spot	1.8090-1.8100	1.8015-1.8025
1 month	1.01-1.00pm	0.94-0.92pm
3 months	2.85-2.83pm	2.83-2.80pm
12 months	9.62-9.55pm	9.55-9.45pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 5	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.770	-3.64	6.00	64
Belgian Franc	42.4032	42.0584	-0.81	2.98	38
Dutch Guilder	2.31643	2.29899	-0.75	2.92	34
D-Mark	2.05586	2.04212	-0.67	2.83	40
Irish Punt	0.767417	0.765261	-0.28	2.43	10
Italian Lira	1538.24	1536.81	-0.09	2.24	3
French Franc	6.89509	6.96030	0.95	1.19	-34
Danish Krone	7.84195	7.91907	0.98	1.15	-45
Sterling	0.696904	0.711864	2.15	0.00	-42

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustments calculated by Financial Times.

EXCHANGE CROSS RATES

Feb.5	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.808	2.870	227.5	9.783	2.560	3.230	2160	2.130	59.20	1.405
$	0.553	1	1.587	125.8	5.411	1.416	1.787	1195	1.178	32.74	0.777
DM	0.348	0.630	1	79.27	3.409	0.892	1.125	752.6	0.742	20.63	0.490
YEN	4.396	7.947	12.62	1000.	43.00	11.25	14.20	9495	9.363	260.2	6.176
F Fr.	1.022	1.848	2.934	232.5	10.	2.617	3.302	2208	2.177	60.51	1.436
S Fr.	0.391	0.706	1.121	88.87	3.821	1	1.262	843.8	0.832	23.13	0.549
N Fl.	0.310	0.560	0.889	70.43	3.029	0.793	1	668.7	0.659	18.33	0.435
Lira	0.463	0.837	1.329	105.3	4.529	1.185	1.495	1000.	0.986	27.41	0.650
C$	0.469	0.849	1.347	106.8	4.593	1.202	1.516	1014	1	27.79	0.660
B Fr.	1.689	3.054	4.848	384.3	16.53	4.324	5.456	3649	3.598	100.	2.373
Ecu	0.712	1.287	2.043	161.9	6.963	1.822	2.299	1537	1.516	42.14	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

Long term Eurodollars: two years 5⅜-5¼ per cent; three years 6⅛-6 per cent; four years 6¾-6⅝ per cent; five years 7⅛-7 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FINANCIAL FUTURES AND OPTIONS

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit. Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5	● Members of British Merchant Banking & Securities Houses Association.	
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

MONEY MARKETS

Overnight rates fall

OVERNIGHT rates in the UK fell as low as 7½ per cent yesterday, as the Bank of England removed any doubts over its attitude to liquidity through early and decisive action.

"Someone must have got wind that a lot more paper would be offered," said one senior dealer describing the southward movement of overnight rates after the bank's first injection of £600m. There were "several million" pounds worth of trades at the 7.5 per cent level, he added. Overnight rates bounced back to finish at 10¾-⅝.

Initially, the Bank forecast a £1bn shortage, which was then revised to £1.1bn. The main reasons for the shortage were treasury bills and maturing assistance, which took £676m out of the market, bills for repurchase, accounting for £334m, and a rise in note circulation which drained £60m. Bankers' balances were £10m below target. Exchequer transactions injected £95m.

In early operations, the Bank bought bills totalling £600m for resale on February 21 at an interest rate of 10⅞ per cent. A subsequent purchase of band one bank bills at 10⅝ per cent came to £392m. By the afternoon, full liquidity was returned to the market with a bill purchase totalling £110m at a rate of 10⅝ per cent and late assistance of £20m. Traders did not expect the bank to be as generous tomorrow, however.

The key three-month interbank rate, which is a good indicator for sentiment on UK interest rates, opened unchanged at 10$\frac{11}{16}$-⅝ per cent. During the day they rose to close at 10$\frac{13}{16}$-$\frac{11}{16}$.

March short sterling started the day one basis point up at 89.61, to finish at 89.66.

In Germany, the Bundesbank squeezed liquidity by withdrawing DM1.4bn in this week's round of securities repurchase agreements, although it did not force rates higher as many had feared. The repos were conducted at 9.4 per cent.

The call money trading band widened slightly to 9.60/70 per cent, close to the Bundesbank's 9.75 per cent Lombard rate. On Tuesday, rates had been predominantly quoted at 9.65/70 per cent.

The Bundesbank is known to be unhappy with the 6.4 per cent wage rise agreed by steel workers earlier in the week.

In the US, traders did not expect the Federal Reserve to operate in the market. However, federal funds softened to 3⅝ per cent, below the presumed target of 4 per cent.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.5) 3 months US dollars: bid 4, offer 4⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,766 Set by GRIFFIN

ACROSS
1 Refused to acknowledge outside broadcast fizzled out (8)
5 Just after a leading farmer's business (6)
10 Share gratuities with student in turns (5)
11 Outside little corridor on October 31st (9)
12 Leaves fake diamonds (9)
13 Copper once found in one North American river (5)
14 Remarkable design Alec keeps hiding (6)
15 Volunteers named one without having gossiped (7)
18 Going round leaving amateur material (7)
20 A Turkish bath is erotic (6)
22 Downright desirable prima ballerina (5)
24 Something to spend on fruit cakes (9)
25 Does it make tyres more expensive? (9)
26 Ring back wicked girl (5)
27 Recording a little number takes money (£1,000) (6)
28 British Rail needs more union members (8)

DOWN
1 Stop first of the French going on top (6)
2 Saving a vast lion complex (9)
3 Complaint cured by a tap on the head? (5,2,3,5)
4 Moral chat I managed in the local (7)
6 Forget that rhino suffers hoarseness (4,2,3,6)
7 11.59 and 59 seconds? Correct! (5)
8 Doctors desiring best seats at boxing match? (8)
9 Little room near the West End (6)
16 Left with hole in mini-use different car (9)
17 Say "pity an eccentric North African" (8)
19 Capital bananas, free (6)
20 During terrible unrest name beautiful woman (7)
21 Escorts American women (6)
23 Incapable of fun, spoils (5)

Solution to Puzzle No.7,765

WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | NETHERLANDS | SWEDEN (continued) | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | SWITZERLAND | NORWAY | SPAIN | SOUTH AFRICA | ITALY | SWEDEN | AUSTRALIA (continued) | JAPAN | HONG KONG | MALAYSIA | SINGAPORE | AUSTRALIA

[illegible]

CANADA

TORONTO

3:00 pm prices February 5

MONTREAL

3:00 pm prices February 5

[illegible]

INDICES

NEW YORK

DOW JONES	Feb 4	Feb 3	Jan 31	Jan 30	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3272.81	3254.12	3223.39	3244.86	3272.81 (4/2)	3172.41 (2/1)	3272.81 (4/2/92)	41.22 (2/7/32)
Home Bonds	99.11	98.77	98.98	99.15	99.61 (17/1)	98.77 (3/2)	99.61 (17/1/92)	54.99 (1/10/81)
Transport	1368.27	1362.48	1354.26	1360.27	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	209.00	208.88	210.38	211.13	225.59 (3/1)	208.88 (3/2)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3283.09 (3261.48) Low 3208.63 (3193.43)

STANDARD AND POOR'S

	Feb 4	Feb 3	Jan 31	Jan 30	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	413.85	409.53	408.78	411.62	420.77 (15/1)	408.78 (31/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	492.64	486.98	485.57	488.61	499.27 (15/1)	485.57 (31/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.19	33.70	33.53	34.02	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.79	226.61	226.20	227.37	231.85 (15/1)	226.20 (31/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	413.68	411.32	411.37	410.92	415.33 (20/1)	395.51 (2/1)	415.33 (20/1/92)	29.31 (9/12/72)
NASDAQ Composite	631.00	623.43	620.21	621.37	631.80 (4/2)	586.45 (2/1)	631.00 (4/2/92)	54.87 (31/10/72)

	Jan 31	Jan 24	Jan 17	year ago (approx.)
Dow Industrial Div. Yield	2.88	2.87	2.83	3.70

	Jan 29	Jan 22	Jan 15	year ago (approx.)
S & P Industrial div. yield	2.59	2.53	2.52	3.20
S & P Indl. P/E ratio	25.10	25.60	25.76	16.58

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Gen Motors	3,149,400	35	+ 1
RJR Nabisco	3,128,400	10¼	+ ¼
Ford Motor	2,990,800	33⅝	+ ⅝
Adv Micro	2,977,500	20¼	+ 1
Chrysler	2,925,700	16½	+ 1½
Glaxo	2,916,300	31	+ ½
MNC Finance	2,741,500	7¼	+ ¼
Dow Jones	2,623,400	31	+ ¾
Am T & T	2,196,600	37½	+ ½
Nat Semi	2,185,800	8¼	+ ¾

TRADING ACTIVITY

† Volume (Millions)	Feb 4	Feb 3	Jan 31
New York SE	231.490	182.130	197.060
Amex	19.987	18.589	16.342
NASDAQ	226.149	194.607	226.155
NYSE			
Issues Traded	2,195	2,212	2,172
Rises	1,104	914	742
Falls	611	803	927
Unchanged	480	495	503
New Highs	118	84	82
New Lows	7	9	7

CANADA

TORONTO	Feb 4	Feb 3	Jan 31	Jan 30	1992 HIGH	1992 LOW
Metals & Minerals	3033.86	3029.84	3017.05	3051.55	3238.87 (16/1)	2935.22 (2/1)
Composite	3618.07	3594.40	3596.12	3605.80	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1896.10	1887.57	1884.47	1893.78	1937.59 (16/1)	1856.55 (2/1)

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

AUSTRALIA | AUSTRIA | BELGIUM | DENMARK | FINLAND | FRANCE | GERMANY | HONG KONG | IRELAND | ITALY | JAPAN | MALAYSIA | NETHERLANDS | NORWAY | PHILIPPINES | SINGAPORE | SOUTH AFRICA | SOUTH KOREA | SPAIN | SWEDEN | SWITZERLAND | TAIWAN | THAILAND | WORLD

[illegible]

**Saturday February 1: Taiwan Weighted Price: (c). Korea Comp Ex. 691.57.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all Indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday 5 February 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Shiseido	6.5	1,650	+30	Tamura Elec	2.2	1,770	+20
Q.P.	3.8	1,390	+70	Daiichi Pharm	2.0	1,690	+90
Nippon TV	3.7	20,400	+300	Hitachi	2.0	925	-5
Nippon Chem	3.3	825	+5	Clarion	1.9	1,070	-20
Chiba Bank	2.9	1,010	+10	Osaka Gas	1.7	580	-13

Price data supplied by Telekurs.

3:00 pm prices February 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
90¾	68½	Xerox	3.00	3.7		185733	u81½	80¼	81⅛	+1
53⅝	50½	Xerox4.125				z100	53¼	53¼	53¼	+⅛
28¼	24⅞	Xtra 1.94 x	1.94	7.5		125	u27	25⅝	25⅝	+⅛
33	28½	Xtra Corp x	0.80	2.4	13	153	32⅞	32⅝	32⅞	+¼
27	25¼	Yankee Egy	1.50	6.0	13	19	25⅝	25½	25⅝	+⅛
⅞	½	Zapata			93	494	u⅞	¾	⅞	+⅛
9⅝	7¼	ZenithElec				31136	9⅛	8¾	9⅛	+⅜
16⅞	15¼	Zenith Nat x	1.00	6.1	126	198	16⅜	15⅞	16⅜	+⅜
6⅝	6	Zenix Inc	0.84	12.7		100	u6⅝	6½	6⅝	+⅛
12⅞	11¼	Zero Corp x	0.40	3.2	10	68	u12⅞	12¼	12⅞	
36	34⅝	Zurn Ind x	0.88	2.5	16	178	36⅛	35	35¼	+⅛
14⅛	13½	Zweig Fund	1.18	8.6		357	13⅝	d13½	13½	-⅛
17	10⅝	Zweig Tcl x	0.98	8.9		576	10¾	d10⅝	10¾	

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 5

NASDAQ NATIONAL MARKET

3:00 pm prices February 5

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		30	2421	29¼	27½	28¾	+1¼
Xoma Corp		13	3458	24½	23¼	24	-⅛
Yellow Fr x	0.94	30	478	29	28½	28½	
York Rsch		96	1235	7⅛	6¾	6¾	-⅛
ZionsUtah	1.44	9	21	u47	45¾	46	

AMERICA

Bank, car stocks feature as Dow idles in slim range

Wall Street

SHARE PRICES idled in a slim range yesterday morning as investors and dealers waited for the afternoon's refunding announcement and Friday's employment data, *writes Karen Zagor in New York.*

At 1 pm, the Dow Jones Industrial Average was 1.56 higher at 3,274.37 on fairly heavy volume. On the big board, leading issues outpaced declining by a ratio of four to three. Among other market indices, the Standard & Poor's 500 was 1.91 higher at 415.76 and the New York Stock Exchange Composite gained 0.97 to 229.76 at 1 pm. On Tuesday, the Dow set a new record of 3,272.81, up 38.69 on the day.

The bond market's morning performance was similarly anaemic, with the Treasury's bellwether 30-year bond adding ⅛ to 102⅜, yielding 7.75 per cent at midday.

Bank and auto stocks, which helped spur Tuesday's rally, added to their previous day's gains. In the banking sector, Citicorp rose $½ to $15⅞ in heavy trading and Chemical Bank was $¾ higher at $29¾.

Chrysler led the auto stocks, gaining $¾ to $16⅞. Ford added $⅛ to $33⅞ and General Motors firmed $¾ to $35¾.

Merck added $1¾ to its $4½ rise on Tuesday, bringing the issue to $160½ on the back of a favourable review of the company's Proscar drug by an advisory panel of the Food & Drug Administration.

Eastman Kodak was the most active big board stock of the morning, tumbling $3⅞ to $46⅞ a day after the company unveiled a fourth quarter loss of $400m, including an after-tax charge of $597m. Kodak's main US competitor, Polaroid, slid $⅝ to $28⅞.

A number of high-tech issues performed particularly well yesterday morning including National Semiconductor, up $½ to a 52-week high of $9 after receiving a contract from Digital Equipment.

Among other active high-tech stocks, Advanced Micro Devices moved $¾ higher to $21¼ and Unisys rose $⅜ to $8.

A positive analysts meeting at Browning Ferris, the second biggest US waste management company, prompted a $¾ rise in the stock to $23⅛. Trading was less active in Waste Management, the biggest US waste management group, which eased $⅜ to $45½ after the company filed a shelf registration of up to $1bn in unsecured debt.

Chemical Waste Management, which handles hazardous waste, lost $⅛ to $20¾ after posting fourth quarter earnings of 6 cents a share, including a charge of 11 cents a share.

Over-the-counter stocks hit new highs yesterday morning, with the Nasdaq composite climbing 5.68 to 636.68 at midsession. Sun Microsystems and Intel were among the most active issues, adding $⅞ to $33¼ and $¼ to $62¾ respectively.

Better-than-expected results from Mentor Graphics, of 2 cents a share against an estimated 1 cent a share, helped the stock advance $¾ to $19¾. In the 1990 fourth quarter, the company earned 9 cents a share.

Canada

TORONTO stocks held steady at midday as the market consolidated Tuesday's late upturn. The TSE 300 composite index fell 2.4 to 3,615.7 on light volume of 15.1m shares valued at C$163.2m. Advances matched declines at 206.

Trading in Maclean Hunter was active on news of a rights issue. Maclean, which fell C$¼ to C$12, said it would issue 15m shares priced at C$12.05.

Bangkok Land's debut confounds sceptics

Its success coincides with record trading volume on the exchange, says **Victor Mallet**

The holiday atmosphere of the Chinese New Year was not enough to prevent Thailand's determined punters from crowding into stockbrokers' offices as usual yesterday to bet on a market which has seen record trading volumes in the past few weeks.

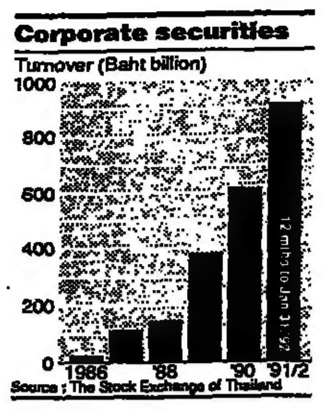
Yesterday's main attraction was the newly-listed property shares of Bangkok Land, which immediately became the largest company on the exchange by capitalisation and accounted for around one-third of the day's turnover. Investors crowded around the brokers' price screens, gasping and biting their lips as the shares, priced at Bt90 each at the initial public offering four months ago, opened at Bt150 ($6), jumped to Bt161 and then settled back to close at Bt154, valuing the company at Bt92.4bn (more than $3.6bn).

It was otherwise an unremarkable day, and the SET index closed down 6.31 at 763.41. But the market has been humming with activity since the end of last year, a trend best illustrated by the change in sentiment about Bangkok Land: four months ago, at Bt90, the underwriters had trouble selling the 60m shares on offer (10 per cent of the equity), a problem which is now earning them handsome profits as they unload the stock. "Three months ago everyone hated the stock because conditions were all wrong for it," said one broker yesterday.

The revival of the Thai stock exchange was led by the banks. They had been shunned by many investors because of their repeated forays into the market to raise capital as their business expanded. But a decision by the Thai authorities to apply Bank of International Settlements regulations on capital ratios in the near future is expected to allow them to include property as part of their second-tier capital, and so slow down the dilution of their earnings per share. At the same time, local investors have been encouraged by rumours of 10-for-one share splits, which would make the expensive counters much more liquid for the country's numerous small-time speculators.

Corporate securities

Turnover (Baht billion)



Source: The Stock Exchange of Thailand

The banks were followed upwards by the volatile financial and securities stocks; they benefit from increased market activity and provide a leveraged bet on the market as a whole. Lower interest rates and better-than-expected company results also contributed to a rise in the SET index, which was languishing below 700 until December. "Often in Thailand it goes sector by sector," said one broker yesterday. "There is still potential in other sectors."

Volume has been boosted since last year by the computerisation of trading on the exchange, by the increasing input from provincial brokers and speculators, and by renewed foreign interest in January. The exchange is expected to lengthen the trading time to four hours from three later this year by introducing an afternoon session. At present the exchange is open between 9 am and midday.

Interest in the market is likely to be maintained by the privatisation and flotation of Thai Airways in the next few months, although foreign brokers say they cannot understand why the government is suggesting a price which would give the company a price/earnings ratio of nearly 13, higher than rival regional airlines which are regarded as better quality investments.

In the meantime there are suggestions that the rally of the last few weeks may already have run out of steam with the approach of the March elections and the political uncertainty that they imply.

ASIA PACIFIC

Nikkei falls on selling by investment trusts

Tokyo

ARBITRAGE-RELATED activity dominated trading yesterday, and share prices posted marginal losses after fluctuating in low volume, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed down 63.23 at 21,936.37, failing to remain above the 22,000 level which it had recovered in the morning session. After hitting the day's low of 21,844.67, the index regained strength from a rise in the futures market. The 225-issue average advanced to the day's high of 22,135.58 in early afternoon trading, but later fell on selling by investment trusts.

Volume rose slightly to 200m shares from 180m. Advances led declines by 484 to 451, with 179 unchanged. The Topix index of all first section stocks fell 2.81 to 1,626.05 and in London, the ISE/Nikkei 50 index rose 3.13 to 1,249.18.

Despite the lack of investor activity, traders said that sentiment had not soured. Fears that the Nikkei would plunge below 20,000, previously dominant among market participants, have subsided. "We've cleared the danger level and there is a feeling of stability," said Mr Chris Newton at James Capel.

Buying orders around the 21,900 level from foreign investors and life assurers also supported the optimism. Light foreign buying in companies with firm earnings was also noted.

QP, the leading mayonnaise maker, rose Y70 to Y1,330 on prospects of higher earnings due to a fall in egg prices. Other food stocks were also firm with Kikkoman, the soy sauce maker, up Y30 to Y1,060 and Ajinomoto Y10 better at Y1,380.

Daiichi Pharmaceutical rose Y90 to Y1,690 on reports that a drug developed by the company was found to be effective against leprosy.

Nissan Fire and Marine Insurance fell Y100 to Y1,980. Rumours that a leading speculator who held Nissan shares was in financial trouble spurred the selling.

Investors looking for quick profits sought highly-priced, small-capital stocks with low liquidity. Nippon Television Network rose Y300 to Y20,400 and Sega Enterprises added Y300 to Y14,000.

Coca-Cola bottling companies firmed on prospects of higher earnings due to a planned increase in beverage prices. Mikuni Coca-Cola Bottling rose Y60 to Y2,630 and Chukyo Coca-Cola Bottling gained Y30 to Y1,700.

Paper issues lost ground on earnings concerns. Jujo Paper fell Y35 to Y600 on reports that an affiliated paper company would post sharp falls in profits for the current year to March. Oji Paper declined Y15 to Y850 and Kanzaki Paper lost Y12 to Y650.

In Osaka, the OSE average fell 33.12 to 23,589.47. Volume surged to 124.9m shares from 84.5m on cross trading before the March book closing.

After the close, the Osaka Stock Exchange announced measures to dilute the impact of Nikkei-225 stock futures and options trading on stock prices in an attempt to support the stock market, agencies report.

An exchange official said that the move reflects the exchange's concern about the continued thinness of the stock market, in which volatility caused by futures- and options-linked trading has scared off investors.

Effective today, the exchange will close futures and options trading 10 minutes earlier at 0600 GMT, the same time as stock trading. The decision is in response to criticism that speculative futures trading after the stock market closes often affects prices on the following day.

Other measures:

● Trading details of the 20 most active exchange members in both instruments will be disclosed on a daily basis, and the open interest held by the top 15 members disclosed on a weekly basis.

● Options exercises will be limited to once a month on expiration day, instead of the current once a week on Thursdays, starting with the June contract.

● The exercise price for options on expiration day will be the special quotation price, calculated from the opening price of all 225 issues in the Nikkei average on the following day, starting with the June contract.

Roundup

AUSTRALIA continued to be nervous ahead of the economic statement due on February 26. Hong Kong, Singapore, Seoul, Kuala Lumpur and Taiwan remained closed.

AUSTRALIA rose strongly on Wall Street before falling back. The All-Ordinaries index put on 2.7 to 1,602.9 in turnover of A$302.7m. ACI, which announced half-year results, was the most active stock, trading 37.3m shares. It was unchanged at 20 cents. CSR fell 6 cents to A$4.76 on reporting that an asset writedown would lead to A$558m net extraordinary loss this year.

BHP gained 4 cents to A$3.52, News Corp rose 18 cents to A$14.58, Brambles by 10 cents to A$17.46 and Lend Lease by 22 cents to A$16.22. The bank sector was mixed: National Australia rose 2 cents to A$7.48 and ANZ by 1 cent to A$4.12, but Commonwealth shed 4 cents to A$7.12.

NEW ZEALAND rose in good volume. The NZSE-40 index gained 7.23 to 1,461.54 in turnover of NZ$30m. Air New Zealand put on 7 cents to NZ$1.8[illegible] and Fisher and Paykel, the white goods manufacturer, rose 6 cents to NZ$2.28.

Brierley Investments gained 2 cents to NZ$1.05, Fletcher Challenge 3 cents to NZ$3.4[illegible] and Carter Holt Harvey 2 cents to NZ$2.35.

JAKARTA closed higher in active trade, pushing the index 2.41 up to 288.46. Locals were active, and showed interest in the banking sector.

Turnover fell to 8.16m shares from 14.2m. Bank International Indonesia rose Rp250 to Rp3,750, with 574,500 shares traded.

MANILA eased, dampened by fears that two bomb explosions in the capital might herald violence in the May elections. The composite index fell 15.07 to 1,246.87. Turnover rose to 255m pesos (155m pesos).

BOMBAY ended mixed. The BSE index rose 9.71 to 1,06[illegible] on news that a Rp2bn fund was being set up to help workers affected by company closures.

SOUTH AFRICA

JOHANNESBURG gained some ground in thin afternoon trading after a listless morning session. The late rally mainly reflected a renewed weakening in the financial rand after Tuesday's modest recovery.

The all-gold index ended 10 higher at 1,270, while the industrial index crept up 29 to 4,436. The overall share index closed slightly higher at 3616, up 22.

In the gold sector, Vaal Reefs rose R3 to R225 and Driefontein 50 cents to R42 despite slightly lower world gold prices. In diamonds, De Beers rose 50 cents to R93.50.

EUROPE

New York's overnight rise encourages the continent

CONTINENTAL bourses were encouraged by Wall Street's record close overnight, *writes Our Markets Staff.*

FRANKFURT majored on carmakers and retailers, but kept its interest in special situations. The DAX index closed 10.22 better at 1,686.62 after a rise of 3.43 to 687.16 in the FAZ at midsession. Volume rose from DM5bn to DM7bn.

There was a transatlantic influence, too, in the car sector where improved US January car sales figures left BMW DM8 higher DM547, and Volkswagen up DM7.50 at DM342.50. The fact that a steel strike in Germany had been averted continued to lift sentiment.

The inflationary aspect of the steel pay settlement was reflected in retailers where Douglas rose DM24 to DM657, Karstadt by DM13 to DM626 and Kaufhof DM12 to DM478. Dealers said that the 6.4 per cent rise for steelworkers was expected to result in significant rises in real income in other sectors. Asko, which raised its stake in fellow retailer Ava to a majority, put on DM25 to DM700, taking its gains to 10 per cent in just over a week.

Lufthansa took its fall to over 10 per cent in two days, dropping another DM9.70 to DM162.80 after confirming this week that it would report a 1991 loss of around DM400m, its first deficit since 1973.

The tyremaker Continental said it had no explanation for the recent strength in its shares, up another DM5 to DM235.50 yesterday.

PARIS continued to focus on individual stocks. The CAC-40 index ended 9.31 higher at 1,865.79, helped by recoveries in Elf and Eurotunnel, after trading in a 15-point range. Volume rose to FFr2.1bn from FFr1.8bn.

Shares in Péchiney, the aluminium and packaging company, went in opposite directions. Péchiney International rose FFr5.30 to FFr174 with 141,700 shares traded on rumours that it would sell its aluminium activities back to its parent and, therefore, become a purer packaging play. Péchiney CIs fell FFr13 or 4.1 per cent to FFr300 with 41,450 units traded.

Another active share was Michelin which rose FFr4.80 or 3.2 per cent to FFr157 with 309,250 shares traded; but dealers could find few reasons for the move.

Casino, the supermarkets group, rose FFr6.50 to FFr148.50 with 215,000 shares traded on better-than-expected 1991 results. Casino announced a 35.5 per cent rise to FFr530.0m in net attributable profit, beating the market consensus of a 20 per cent rise.

MILAN held on to early gains. The Comit index rose 5.46 to 550.71 in turnover estimated at more than L106bn.

The government's approval of Fiat's plan to put about 5,000 workers into an early-retirement programme boosted the shares by L96 or 1.9 per cent to L5,133.

In the financial sector, Ambroveneto surged L172 or 4 per cent to L4,385 on speculation that a French bank was poised to raise its shareholding in the Italian bank.

Olivetti continued to gain, adding L34 to L2,847 on persistent merger speculation and in spite of comments by the chairman, Mr Carlo De Benedetti, that the company was likely to break even or make a slight profit this year after a bigger-than-expected net loss of L380bn last year.

The insurance sector outperformed the general index, ending up 1.2 per cent, as Generali closed up L350 at L30,900.

AMSTERDAM slipped back after rising moderately in early trading. The CBS Tendency Index was down 0.3 to 122.4. Elsevier fell on profit taking. It closed Fl 2.2 or 2 per cent lower at Fl 106.20.

Philips, taking a 25 per cent stake in a US communications company for $175m, drifted back Fl 0.20 to Fl 30.60. Heineken hit an all-time high boosted by bid rumours, gaining Fl 1.80 to Fl 173.30; but KLM, which is due to report its third quarter results today, fell Fl 1.50 to Fl 41.50.

STOCKHOLM advanced in heavy trade in turnover of SKr420m after SKr587m as the Affärsvärlden General index closed 8.7 higher at 978.3.

Relief at Tuesday's Electrolux decision to hold its dividend was reinforced by Wall Street and improved Swedish car sales figures. Electrolux B rose another SKr13 to SKr260 and Volvo B by SKr7 to SKr385. Ericsson B gained SKr3 to SKr122 ahead of its results next Tuesday.

By sectors, forestry registered the session's biggest gain, up 2.1 per cent. Dealers said that the improvement stemmed from reports of higher pulp prices in coming months.

OSLO edged higher, the all-share index up 1.99 to 442.47 in turnover of Nkr237.4m (NKr207.18m). Hafslund, the healthcare group, was active, accounting for 20 per cent of turnover: its A shares fell Nkr0.5 to NKr268.

ISTANBUL plunged 4.2 per cent on heavy selling. The index fell 193.06 to 4,374.04, the lowest since January 3, in turnover of TL348.8bn, up from TL285.5bn.

FT-SE Eurotrack 100 - Feb 5

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1134.90	1135.92	1137.48	1138.71	1138.99	1138.88	1138.52	1138.71

Day's High 1139.42 Day's Low 1134.90

Feb 4	Feb 3	Jan 31	Jan 30	Jan 29
1132.79	1134.04	1137.97	1131.87	1132.85

Base value 1000 (26/10/90).

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY FEBRUARY 4 1992								MONDAY FEBRUARY 3 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	143.44	−0.9	118.11	114.34	118.73	127.08	−0.7	4.34	144.82	119.28	115.25	120.28	127.86	160.31	112.74	126.55
Austria (20)	176.44	+0.2	145.29	140.64	146.04	145.99	−0.3	1.98	176.05	145.01	140.11	146.22	146.45	222.37	153.86	193.18
Belgium (46)	142.67	−0.3	117.48	113.71	118.08	115.58	−0.4	5.10	143.07	117.84	113.85	118.82	116.08	151.20	118.04	139.81
Canada (115)	137.41	−0.2	113.15	109.53	113.73	117.51	+0.5	3.14	137.66	113.39	109.55	114.33	116.93	144.28	126.49	132.31
Denmark (37)	265.35	+0.7	218.50	211.52	219.63	222.77	+0.1	1.61	263.61	217.13	209.79	218.94	222.65	273.94	217.74	248.01
Finland (15)	87.54	−0.1	72.08	69.78	72.46	79.79	−0.7	3.05	87.63	72.18	69.74	72.78	80.37	125.15	73.32	101.48
France (108)	150.78	+0.1	124.16	120.18	124.79	128.37	−0.1	3.46	150.60	124.04	119.84	125.06	128.51	152.95	119.11	140.62
Germany (65)	119.68	−0.5	98.55	95.41	99.06	99.06	−0.8	2.33	120.27	99.06	95.72	99.88	99.88	125.35	94.15	117.30
Hong Kong (55)	193.89	+0.0	159.65	154.54	160.48	193.05	+0.0	3.93	193.87	159.69	154.29	161.03	193.05	193.89	119.62	134.63
Ireland (18)	171.00	+0.3	140.81	136.31	141.53	143.88	−0.2	3.54	170.48	140.41	135.67	141.59	144.18	182.46	132.88	149.39
Italy (77)	78.89	+0.3	64.96	62.88	65.29	70.54	+0.1	3.27	78.69	64.81	62.62	65.35	70.49	88.23	64.76	78.92
Japan (473)	127.48	−0.4	104.97	101.61	105.52	101.61	−0.2	0.84	127.96	105.39	101.83	106.29	101.83	146.97	118.23	133.11
Malaysia (68)	228.16	+0.1	187.87	181.86	188.84	229.83	+0.0	2.84	227.99	187.78	181.43	189.35	229.83	247.78	189.18	213.60
Mexico (18)	1525.78	−0.2	1256.38	1216.20	1262.85	5113.06	−0.2	1.02	1528.38	1258.87	1216.34	1269.38	5120.95	1532.07	534.45	580.06
Netherland (31)	153.39	+0.0	126.30	122.26	126.96	125.52	−0.2	4.31	153.31	126.28	122.01	127.33	125.78	155.74	125.70	136.73
New Zealand (14)	45.35	+0.8	37.34	36.15	37.54	44.40	+0.5	6.19	44.99	37.05	35.80	37.36	44.19	54.84	41.18	47.02
Norway (24)	181.83	+1.2	149.72	144.94	150.50	154.19	+0.8	1.69	179.72	148.03	143.03	149.27	153.01	223.24	157.08	198.29
Singapore (38)	224.48	+0.1	184.84	178.93	185.79	168.15	+0.0	2.07	224.20	184.67	178.43	186.21	168.15	228.43	151.63	177.89
South Africa (61)	248.37	+0.8	204.51	197.97	205.56	180.07	−0.4	2.76	246.39	202.94	196.08	204.63	180.73	271.99	173.00	181.34
Spain (52)	158.07	+1.2	130.16	126.00	130.83	120.23	+0.9	4.53	156.16	128.63	124.28	129.70	119.19	171.12	131.51	154.89
Sweden (25)	183.18	+1.6	150.84	146.02	151.62	156.88	+1.0	2.85	180.29	148.50	143.48	149.74	155.27	204.12	146.60	184.21
Switzerland (59)	101.15	+0.1	83.29	80.63	83.73	89.11	−0.1	2.25	101.10	83.27	80.46	83.98	89.22	103.50	82.17	95.93
United Kingdom (233)	183.47	−0.1	151.08	146.23	151.84	151.08	−0.1	4.91	183.62	151.24	146.11	152.49	151.24	187.44	156.27	174.12
USA (523)	168.93	+1.0	139.10	134.66	139.83	168.93	+1.0	2.89	167.31	137.81	133.16	138.96	167.31	171.66	125.95	142.32
Europe (810)	148.15	+0.0	121.99	118.09	122.62	122.97	−0.2	3.91	148.11	121.99	117.87	123.02	123.16	151.52	125.50	141.57
Nordic (101)	184.88	+1.1	152.24	147.37	153.02	151.27	+0.5	2.14	182.93	150.67	145.59	151.93	150.52	200.81	155.65	182.00
Pacific Basin (717)	129.84	−0.4	106.92	103.50	107.47	104.87	−0.2	1.17	130.32	107.34	103.72	108.24	105.10	145.92	117.86	132.58
Euro – Pacific (1527)	137.46	−0.2	113.19	109.56	113.77	112.83	−0.2	2.35	137.74	113.45	109.61	114.39	113.05	147.66	121.29	136.60
North America (638)	166.92	+0.9	137.45	133.07	138.18	165.44	+0.9	2.90	165.41	136.25	131.66	137.41	163.89	169.69	125.91	141.62
Europe Ex. UK (577)	126.75	+0.1	104.37	101.05	104.93	106.68	−0.2	3.18	126.63	104.30	100.80	105.19	106.88	129.80	103.58	121.67
Pacific Ex. Japan (244)	153.22	−0.3	126.17	122.15	126.83	137.36	−0.2	3.88	153.70	126.60	122.34	127.67	137.70	153.70	111.40	125.61
World Ex. US (1721)	139.53	−0.2	114.89	111.23	115.49	114.92	−0.2	2.37	139.78	115.13	111.25	116.10	115.11	148.16	122.32	137.16
World Ex. UK (2011)	145.06	+0.3	119.45	115.63	120.07	129.61	+0.3	2.29	144.63	119.12	115.11	120.13	129.21	150.58	120.06	134.30
World Ex. So. Af. (2183)	147.75	+0.3	121.66	117.78	122.30	131.21	+0.3	2.56	147.38	121.39	117.30	122.42	130.85	153.05	122.92	137.57
World Ex. Japan (1771)	160.85	+0.5	132.45	128.23	133.16	148.67	+0.5	3.29	160.01	131.80	127.36	132.92	147.99	161.90	126.69	141.66
The World Index (2244)	148.40	+0.3	122.20	118.30	122.84	131.65	+0.3	2.57	148.02	121.92	117.80	122.94	131.30	153.70	123.28	137.84

Latest prices were unavailable for this edition. Markets closed February 4: Hong Kong, Malaysia and Singapore.